RI PUC DOCKET NO. 3674
PREFILED REBUTTAL TESTIMONY OF
CHRISTOPHER P.N. WOODCOCK

Q: Are you the same Christopher Woodcock that prefiled testimony on behalf of the Pawtucket Water Supply Board?

A: Yes I am.

Q: Have you had an opportunity to review the testimony filed on behalf of the Division of Public Utilities and Carriers and Cumberland?

A: I have.

Q: Please comment on the positions taken by the Division's witnesses?

A: The Division has sponsored two witnesses in this Docket: Ms. Andrea Crane and Mr. Thomas Catlin. I have reviewed Mr. Catlin's suggested revisions to the cost allocation study and I have no disagreement with him on any of those matters. Hopefully I have reflected those revisions in the attached schedules. I also noted that the Division supports Pawtucket's position on the surcharge to Cumberland, and that is still reflected as our proposed rate design.

Ms. Crane has recommended an increase that is significantly less than what we proposed. I would like to address several items – two of which (water sales and operating revenue allowance) we find to be particularly critical to Pawtucket as well as other regulated water utilities in the State. The areas of Ms. Crane's testimony that I will address include:

- Adjustments to sales and revenues at current rates (ACC-2, ACC-3, ACC-6, ACC-7)
- Inflation (ACC-10)
- Rate case expense (ACC-11)
- Operating revenue allowance (ACC-17)

Ms. Crane also included adjustments to the 25% Operation and Maintenance (O&M) Reserve Fund required by PWSB's bonds. Generally she has accepted funding this reserve to 25% of the allowed operation & maintenance costs, but there are some comments or inferences in her testimony that are incorrect and need to be clarified or corrected. The adjustments to the operating expenses flow through to this item and are reflected in the updated schedules I have prepared.

Pro Forma Water Sales/Revenues (ACC-2, 3, 6, 7)

Q: What do you see as the biggest issue between Pawtucket's and the Division's positions.

A: In my mind, the Division's proposals on sales and the operating revenue allowance will assure that Pawtucket will NOT be able to recover the revenues allowed by the Commission in the rate year. I understand that many of these issues have been presented to the Commission and discussed in other Dockets. As the Commission is well aware; however, the Commission is not bound by precedent in prior decisions. I believe that the question of giving regulated municipal water utilities a realistic opportunity to realize the revenues they are allowed is critical to Pawtucket as well as the other water utilities in Rhode Island.

As discussed in my prefiled direct testimony, Pawtucket has proposed using the actual test year retail sales. As presented on ACC-2, the Division has proposed using a much higher sales volume based on a five year average plus an additional amount for presumed growth. The cumulative effect of the Division's suggested sales related adjustments is nearly $400,000, represents more than 2% of the Division's proposed total revenue requirement, and represents nearly 4.3% of the Division's proposed operating expenses.

Q: Why are you linking the discussion of water sales and the operating revenue allowance?

A: I believe the two should be considered together. I realize there are unknowns with operating expenses, but I believe the bigger unknown is with sales and the resulting revenues. To the extent that sales are over-estimated for the rate year and there is an insufficient provision for

the operating revenue allowance, the utility can not realize the allowed revenues. The past practice of reducing the operating revenue allowance and accepting the Division's high sales estimates provides no margin for error. I believe the Commission should provide more realistic sales estimates and provide a more realistic operating revenue allowance that is based on some analysis and not just past practice.

Q: Why are you concerned with municipal utilities as opposed to an investor owned utility?

A: A municipal utility makes no profit – it does not provide any return or dividend to investors. In effect, it is a break-even proposition: all revenues are spent on the system expenses. A municipal utility can not reduce dividends in a bad sales year or if expenses are higher than expected. The only provision for municipal water utilities is the 1.5% operating revenue allowance that has been allowed by this Commission. Lately, that provision has effectively been cut in half by providing only 1.5% on operation and maintenance costs; no allowance on debt or IFR funds has been provided. Coupling this reduction in the operating revenue allowance with the Division's overly optimistic sales forecasts dooms the utilities to run out of needed cash. As a result, they must cut back on programs and expenses because of the revenue shortage, and then the Division jumps on those lower historic costs in the next rate filing as evidence that the utility didn't really need all that funding after all. I think the impact of Pawtucket's reduced leak detection efforts on unaccounted for water (see response to Commission 1-19), and its historic inability to fund employee positions are examples of this problem.

Q. Are there any other factors that cause hardship to utilities such as Pawtucket?

A: Yes, the regulated municipal water utilities in Rhode Island also must take into account the lag from the time when new rates are approved and the increased revenues are collected. For example, in this case, the Rate Year is January 1 – December 30, 2006. The decision in this case is due November 10, 2005. Assuming the rates are effective on November 1, 2005, the earliest the first bill with only a partial amount of the increase would be issued is the De-

cember billing with payments received in January 2006. The first full bill with all the increase included would not be until February with payments in March. This lag in collections already assures that the revenues allowed will not be collected even if the Division's sales estimates are correct. As an example, with a ten percent increase in revenues, this revenue lag results in collections that are about 0.8% short of the allowed revenues.

Because only half of PWSB's costs are operation and maintenance, providing a 1.5% operating revenue allowance on just operating costs is roughly equal to a 0.8% allowance on total revenues. This full amount can be taken up by just the lag in collections; in effect, the granting of a 1.5% operating revenue allowance on O&M only covers the lag in implementation and provides no funds for unexpected expenses or reductions in sales.

Q: What is different in this case from others that have been brought before the Commission?

A: In this docket, Pawtucket has presented evidence that demonstrates this concern, particularly the Division's past over-estimation of sales and the impacts on Pawtucket's actual revenues. In my original schedule 2.1, I presented the absolute difference between actual sales the past five years and the five year average. In the attached rebuttal schedule 2.1, I show the same numbers as positive or negative variations. I have also added the data for FY 2005 that is now available and calculated a six year average. From this schedule it is clear that for the (most recent) past four years the six year average overstates the actual sales in every case. In addition, this schedule clearly shows a continued drop in sales, despite an increase in customers.

Ms. Marchand included her schedule PMM1 that demonstrates that in every one of the past four dockets that Pawtucket's actual collections were substantially less than the allowed revenues by amounts that were far in excess of the operating revenue allowance. While the FY 2005 consumption data was not available before now, a review of the Division's testimony indicates that these issues that we have raised are not even addressed by the

Division -- there is no testimony from the Division rebutting the facts even excluding consideration of the FY 2005 data. The only thing we hear from the Division is a reliance on past decisions which are not binding on the Commission.

Q: The Division states that you have used a five year average in the past and that it is common to use an average consumption to determine "normalized" levels of consumption. Do you agree?

A: While it is certainly "common" for the Division, I do not agree that it is common practice in the industry. The leading authority on water rates is the American Water Works Association's M1 Manual. This document lists a number of "normalization factors" in addition to weather. Ms. Crane has given no consideration to factors such as conservation or price elasticity. Customers of the Pawtucket Water Supply Board have seen more than a doubling of their rates in less than 10 years. I believe that this has likely had the effect of dampening water consumption and may be part of the explanation for the decreased water sales over the past few years.

As the Division states, I indeed did use an averaging in Docket 3593, but as the Commission may also recall, that docket was a unique one where we only adjusted the debt from a prior docket. In the prior Docket – Docket 3497 filed in February 2003 – the test year sales were an average of 1998-2002. With the exception of FY 2002, the sales in those years were relatively similar, going down, then up, then down two years in a row. That is not the case here; with the exception of FY 2003, sales have shown a drop every year. I would also note that since FY 2002 Pawtucket has had three rate increases of 30%, 21%, and 25%. Prior to FY 2002 we did not have the same history of frequent rate increases. Therefore our sales figures would not reflect the impact that price has had on sales.

After looking at the evidence of Pawtucket's past history and the Division's past overestimates of future sales, in this case I am still recommending the use of the test year sales. While sales in FY 2005 show the continued decline we have testified to, we are not revising

the rate year sales projections that were set equal to the FY 2004 sales. I believe the test year sales amounts are normal sales volumes that can be expected in the rate year. While the results in FY 2005 indicate reduced sales from previous years is continuing, we ask the Commission to consider this in the determination of the Operating Revenue Allowance. Given the downward trend in sales, it is likely that rate year sales will be even less, and that is why a reasonable estimate of future sales coupled with a reasonable operating revenue allowance is imperative.

Q: Have other utilities in Rhode Island seen a drop in sales?

A: In recent years, water utilities throughout RI have generally experienced a reduction in sales from prior years and lower than expected revenues. I think the recent dockets in Kent County, Pawtucket, Newport, and Woonsocket all demonstrate this rather clearly. The reduction in revenues is bad enough for the water utilities, but coupled with the Division's position to reduce the operating revenue allowance; this combination has resulted in annual revenues that are less than needed and more frequent and costly rate filings.

Q: In another docket (Kent County #3660) involving this same issue, the Division suggested that the use of a three or five year average was nearly as good an indicator of future sales as your proposed use of the test year. Do you agree with this?

A: I do not. First, I need to be very clear that I am *not* suggesting that the test year be used for the rate year in every case. As discussed above, I had used a multi-year average in Pawtucket Docket No. 3497 because the prior historic sales showed up and down variations. In **that** case, a multi-year average was reasonable. In **this** Docket there is a clear downward trend; using a simple 3 or 5 year average does not capture that trend – it masks it. Certainly there may very well be other circumstances where a multi-year averaging is appropriate. In this docket it is not.

In the other docket the question refers to, the analysis demonstrated that the use of the test year, while fairly close, was still a somewhat better indicator than the use of a multi-year

average. For Pawtucket, I have also looked at a five year average versus the use of the test year to derive a rate year estimate. I used the retail sales for the period FY 1997 – FY 2005. In *every* case the use of an average of the prior three or five year resulted in a value greater than the actual sales for that year. Use of a 5 year average overstated actual sales by an average of 16.4%, while use of a 3 year average overstated actual sales by an average of 9.3%. Unlike the use of 3 or 5 year averages, simply using the prior year resulted in both upward and downward variations from the actual, and on average showed a variation of only 4.5% - less than half the variation found when using the Divisions 3 year average and almost one fourth the variation of the five year average proposed by the Division in this docket. This rather simple analysis is even more evidence of the downward trend in Pawtucket's retail water sales. It also demonstrates that the Division's proposed method has not provided as good reflections of actual sales as simply using the test year as we have proposed in this docket.

Q: The Division has proposed using a multi-year average for only the residential and small commercial retail sales, not all retail sales. Did you look at that as well?

A: Yes I did. The five year averaging of just the residential and small commercial sales shows an overestimation of 5.4 % and the three year averaging shows an overestimation of 4.1% of the actual sales. Use of the prior year shows an average variation from actual sales for this class of less than half of 1%.

Q: In this docket hasn't the Division shown that temperature and precipitation are the factors impacting retail sales?

A: No, I do not believe they have. Ms. Crane has offered a table on page 12 of her testimony indicating that the test year was the 100th most rainy summer in the past 111 years and she has suggested that sales in FY 2004 were abnormally low. She has shown nothing about temperature – one of the two factors she claims are the "most significant factors". Further, just saying it rained more than normal over a three month period is not necessarily relevant to water use. It is widely acknowledged and recognized that drought conditions are cumula-

tive and rainfall patterns are a critical measure. If, for example, all the rain fell the first two weeks in June, it would have no impact on water use in July or August. That is why rainfall duration and intensity are perhaps more important than total rainfall.

In response to PWSB Data Request 1-3, Ms. Crane agrees that rainfall intensity and duration can impact water sales, but also notes that she has not examined the extent of that impact.

Q: Did you look at rainfall intensity and duration information?

A: As discussed below, I did try to look into this and was able to look at some monthly data rather than just considering the aggregate information for three months. I also tried to see if there was any correlation between actual rain and temperature information with actual water use. I did not see any of this in the Division's testimony aside from some overall generalizations. My concern is that simply stating that rainfall and temperature are the most significant factors without acknowledging that other factors can also have significant impacts does not provide an accurate picture. Making no mention of the temperature makes the conclusions even more suspect.

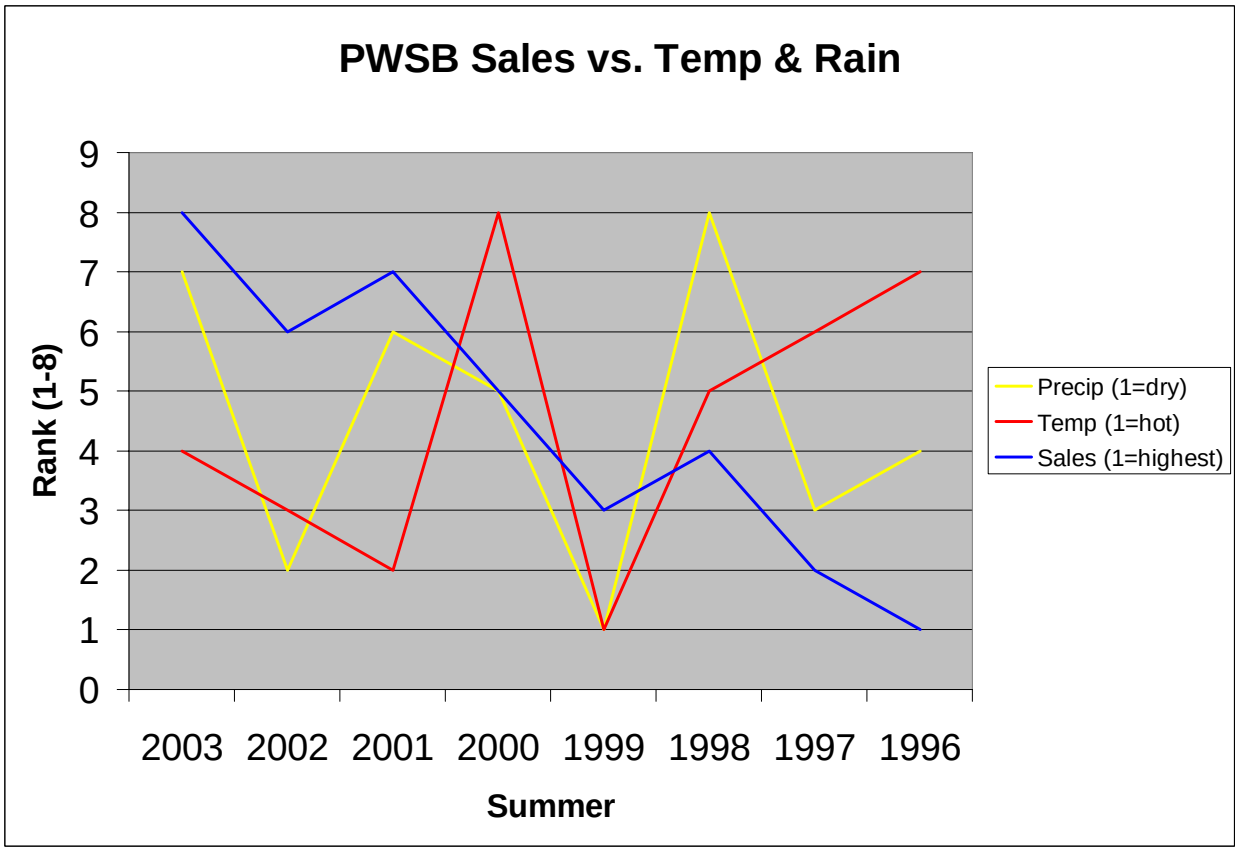
Q: Ms. Crane used data from the National Oceanic & Atmospheric Administration (NOAA). Did you look at this?

A: Yes I did. In the filing we had water sales data for fiscal years 1997 to 2004, corresponding to the summers of 1996 through 2003. Rather than look at 111 years of history (no one is suggesting an averaging of sales over that long a period), it may be more instructive to look at the rainfall and temperature data over the corresponding 1996–2003 summers. I tried to find accepted drought indices for those periods but was unable to locate them for Rhode Island.

Q: Did you look at the correlation between rainfall, temperature and water sales?

A: Yes I did. Using the NOAA data for June – August of the eight summers from 1996–2003 I was able to rank each summer for rainfall (1=least rainfall and 8=most rainfall) and tem-

perature (1=hottest and 8=coolest). I then compared these to Pawtucket's retail water sales assigning a ranking of 1 to the highest sales year (presumably corresponding to the hottest temperatures and least rainfall) and 8 to the lowest sales year (presumably corresponding to the coolest temperatures and most rain). The following is a graphical presentation of those results. One would expect that the indices would show some degree of matching if Ms. Crane's theory that rainfall and temperature are "the most significant factors that influence annual water use" is correct.



As shown on this graph there is very little correlation. The hottest and driest year (1999) was only the third highest sales year. The highest sales year (1996) was almost the coolest summer and had rather average rainfall. The lowest sales year (2003) was indeed one of the wettest and but had just average temperatures.

Q: You also indicated you looked at monthly data. What did you find?

A: Recall that drought conditions are cumulative and the effective of rainfall on water use is a function of duration and intensity, not just total rainfall. In the summer of 2003, a summer the Division would have us believe was so unusually cool and wet, one needs to also consider what happened in May of 2003, the month when much planting is done, lawns are started, and irrigation can be high. May of 2003 was the driest month of May since 1997 suggesting higher than normal water use to get the gardens and lawns started. July is also typically a high water demand month as lawns begin to turn brown. While July 2003 had 0.7" more rain than the average of the eight years, two other years were wetter (including 1996 – the year with the highest sales) and the rainfall in July 2003 was only 0.5" less than the average. Considering the relatively warm temperature in the summer of 2003 (100th warmest out of 111 years), the relatively dry month of May leading into the summer months, and the close to normal July rainfall, I don't believe it is accurate to characterize the summer of 2003 as cool and wet and to dismiss water use during that period as abnormal.

Q: The Division has also suggested that because the average rainfall ranking for the five years it has used is close to a median of 55 over the 111 years, that this five year period "is very close to the NOAA normal over a period of 111 years". Do you agree?

A: I agree that the three and five year average rankings (74 and 62) calculated by Ms. Crane for rainfall are not that far from the mean ranking (55). However, Ms. Crane claims there are two "most significant factors": rainfall and temperature. The average temperature rankings for the three and five year periods are not at all "close to the NOAA normal" for the 110 years - the temperature rankings average 97 for the five years and 104 for the three years, indicating it was relatively hot for that period. In terms of actual temperatures, the 110 year average temperature for June – August is 68.1, while the three year (2001-2003) average is 70.2 and the five year (1999-2003) average is 70.1.

As I indicated earlier, I do not believe the 110 or 111 year analysis is particularly relevant. However, the Division chose to suggest that the three or five year period they considered

was normal for the 111 year history of records and should thus be accepted by the Commission. This certainly is not the case with temperature – the period was relatively hot. If, as Ms. Crane asserts that temperature is such a significant factor, one could expect[1] that a normal summer in the rate year would be cooler than those in recent years and water use would thus tend to go down – not up as the Division has proposed in this Docket.

Q: The Division has suggested an adjustment of $67,019 in revenue for customer growth. Do you agree with that adjustment?

A: No, I do not. The table below shows the number of customers in the residential and small commercial class from the same data source (Div. 2-26) as used by Ms. Crane. I have also shown the water sales for these customers based on the responses to Div 2-27. (As discussed in the response to Div 3-1, this is not exactly the same data set as customers in the small or 5/8" through 1" meter rate category; however, it is similar and illustrates the point.)

	1997	2000	2002	2004
5/8	20,781	20,932	21,076	21,251
3/4	209	236	239	243
1	483	481	480	485
total accts	21,473	21,649	21,795	21,979
sales (ccf)	3,837,774	3,392,896	3,156,077	3,068,335
ccf/acct	178.7	156.7	144.8	139.6

Looking at this information it is difficult to see how the Division can suggest that customer growth will result in increased sales and additional revenues – it makes no sense.

- From 1997 to 2000 there was an increase of 176 customers. Sales didn't grow – they dropped by 12%.
- From 2000 to 2002 there was an increase of 146 customers (nearly the same as projected by Ms. Crane). Sales did not increase by any where near the 21,327 ccf projected by the Division – in fact, they dropped 7%.
- From 2002 to 2004 there was an increase of 184 customers. Again, sales did not increase – they also dropped by another 3%.

[1] Global warming aside

The evidence in this case clearly and consistently demonstrates that the increase in numbers of customers does not result in an increase in the water sales and revenues.

Another interesting fact that this table demonstrates is that the use per account is dropping each period. This is further evidence that sales are dropping and that the averaging of past sales suggested by the Division is incorrect.

Q: Do you have any concluding thoughts on this matter?

A: Yes I do. Rhode Island's water utilities have experienced a reduction in sales in recent years that is probably due to many factors. Certainly the down turn in the economy, increasing water and sewer rates, the loss of major manufacturers, and the increased attention to water conservation are factors that have contributed to this. I am concerned that the high sales estimates that have been used to establish new rates have not materialized. The failure to realize these estimated sales have resulted in a reduction in revenues. Because the rates are calculated based on higher sales estimates ($/higher ccf), the rates that are approved are lower than they should be causing a further erosion in revenues. Lastly, water utilities have been provided lower operating revenue allowances, further removing any opportunity of achieving the revenues needed. This erosion of revenues has caused the State's water utilities to come back to the Commission with greater frequency and at greater cost to the rate payers. I believe the Commission should give greater weight to the lower sales estimates that the utilities are putting forth and establish a reasonable operating revenue allowance on total revenues. At worst, this could result in some additional revenues that may allow the water utilities to file less frequent rate cases, saving the rate payers in the long run.

Inflation Adjustment (ACC-10)

Q: The Division has proposed to reduce your requested inflation allowance from 3.5% to 2.5% for a reduction of $14,415 (ACC-10). Will you comment on this?

A: Ms. Crane is correct that the annual rate of inflation had indeed dropped. Because of this change, I agree with the Division's position. However, one must consider that inflation rates have exceeded 2.5% in recent years and some recent forecasts warn of increasing infla-

tion. The July CPI index jumped 0.5% in response to rising fuel costs, suggesting annual increases in excess of 2.5%. From July 2004 to July 2005, the CPI has increased at more than 3%. In looking at this item, I believe the inflation adjustment should be considered in conjunction with the operating revenue allowance. If inflation does increase as some economists are now predicting, Pawtucket's only source of additional revenues is the operating revenue allowance. As discussed in other testimony, there are likely to be several areas that will need to draw on this allowance.

Rate Case/Regulatory Commission Expenses (ACC-11)

Q: Will you comment on the Division's proposed reduction in regulatory commission expenses?

A: The Division has proposed to reduce this item by $33,333, suggesting a total rate case cost of $200,000 spread over 1.5 years. This is Pawtucket's fourth rate filing since Docket 3164 in 2000. Pawtucket has had to file for increases rather frequently as they carry out their capital improvement plan. It is likely that another filing will follow shortly as this docket does not even reflect a full year's cost for the new operations contract at the new plant. We ask that the Commission carefully consider this adjustment as this docket progresses to be sure that the allowed costs are sufficient.

In preparing this case we were unsure of the degree of intervener involvement and to what extent. At this point an estimated total cost of $200,000 does not appear to be unreasonable; however, we ask the Commission to consider this issue as the docket draws to a conclusion and the final costs can be determined with a greater degree of certainty.

Operating Revenue Allowance (ACC-17)

Q: Do you have any further testimony on the proposed operating revenue allowance?

A: As I stated previously, I do not believe the 1.5% allowance on just operating expenses is sufficient. We have asked for a 5% allowance on total expenses to provide Pawtucket with

a chance to earn the revenues allowed by the Commission and take care of unforeseen expenses.

My Rebuttal Schedule 2.1 demonstrates the wide variation in sales from year to year and the loss in revenue that has resulted from sales being less than expected. Ms. Marchand's Exhibit PMM1 demonstrates that the actual revenues have been significantly less than those allowed in recent dockets. In each case the shortfall has been more than the 5% allowance we are requesting. I believe that Pawtucket has provided sufficient evidence to show the need for a 5% operating revenue allowance on total revenues.

The Division's prefiled direct testimony is rather silent on all this. Instead of directly addressing these issues, the Division suggests that a 1.5% allowance be provided on only operating costs – in effect a 0.8% allowance on total revenues. The Division's position is based solely on past precedence and the claim that the O&M Reserve required by Pawtucket's bonds can make up for cash flow issues.

Q: Regarding Commission precedence on this matter, has the Commission always allowed the operating revenue allowance on only operating costs?

A: No, in the past the Commission provided the 1.5% operating allowance on total revenues. It is only in recent years that this was changed to provide the allowance on operating costs only.

Q: Is Pawtucket asking for the 5% operating revenue allowance for cash flow issues?

A: No it is not. While this indeed could be a consideration, Pawtucket has not based its claim on a need for working capital or to meet cash flow. Our testimony on this matter is clear and this should not be a consideration by the Commission, despite Ms. Crane bringing it up. Suggesting that this is a cash flow issue only muddies the waters and does not address the issues that Pawtucket has raised in this docket.

Q: The Division has noted that the O&M Reserve Fund is projected to be $2.2 million by December 31, 2005. What relevance does this have to the issue of the operating revenue allowance?

A: In general it has no relevance at all and only seems to have been brought up to suggest that Pawtucket will have sufficient funds available and does need the increased operating revenue allowance. This matter was brought up by Ms. Crane in her direct testimony and in response to PWSB data request 1-1. While Ms. Crane admittedly has no expertise in the requirements of the O&M Reserve Fund, and appeared to be fully aware that it is not a substitute for the operating revenue allowance, she has again brought it up in response to PWSB Data Request 1-1. This required Reserve Fund is irrelevant to the issue; discussing the balance in this fund only detracts from the real issues at hand.

Q: Does the 25% O&M Reserve Fund have any relevance to the issue of the operating revenue allowance?

A: The only possible relevance of the O&M Reserve Fund is the apparent misunderstanding of the requirements for this fund that are spelled out in the Trust Indenture. This fund is required to be funded to 25% of Pawtucket's operating budget – not the allowance provided by the Commission. Deposits are to be made monthly based on the Water Supply Board's budget. Starting July 1 of the rate year, Pawtucket Water will have a new budget for the next 12 months. The required deposits must be based on the budget for that year. Because the fiscal year goes six months beyond the rate year, it is likely that the budget will be higher (a full year of operations of the new treatment plant for example), necessitating larger monthly deposits throughout the fiscal year.

As with other dockets we have requested funding equal to the operating costs in the rate year. This is done for regulatory purposes. It is expected that Pawtucket Water will be provided with sufficient revenues, including a reasonable operating revenue allowance that will provide some additional funds to make these higher payments in FY 2007.

Q: To be clear – can the 25% O&M Reserve Fund required by the Trust Indenture be used as a substitute for the operating revenue allowance?

A: No it can not. As pointed out in my original prefiled testimony I have worked on a number of engineering and financial feasibility studies related to municipal revenue bonds. I worked closely with Pawtucket's bond counsel in reviewing much of the bond indenture. I have discussed this specific matter recently with bond counsel to be very clear. I have sent her draft testimony to be sure that she concurred with what I was saying. In addition, I perform annual reviews for a number of RI water utilities to ensure that specified terms of the indentures are being met and I have prepared financial feasibility certificates for a number of recent water revenue bond issues in RI. I believe I am well aware of the terms and conditions of the trust indentures in general and of the Pawtucket Water Supply Board's indenture in particular.

The Operation and Maintenance Reserve Fund established under the General Bond Resolution does **NOT** serve an identical function to the operating revenue allowance. The O&M Reserve Fund can be used for specific purposes only: (1) to make principal and/or interest payments if there are insufficient amounts available in the debt service fund, debt service reserve fund, renewal and replacement reserve fund or the renewal and replacement account or (2) to make payments for operation and maintenance if the amounts in the operation and maintenance fund is insufficient. Unlike the 1.5% operating revenue allowance, the O&M Reserve Fund can not be used for other purposes such as payments towards IFR costs if revenues are insufficient or to the O&M or R&R reserve funds. The O&M Reserve Fund is also quite different in that this fund or account may not simply be used up if revenues are insufficient – the fund must be repaid. It is only to be used for a short term cash flow. At the end of each fiscal year, the O&M Reserve Fund must have an amount on deposit equal to 25% of Pawtucket Water's operating budget. While money can be withdrawn and used in an emergency, unlike the 1.5% operating reserve it must be paid back in the fiscal year. With the 1.5% operating revenue allowance, a shortfall in sales and revenues can be covered

by that allowance for the year and no repayment is needed. That is not the case with the O&M Reserve Fund established in the General Bond Resolution.

Q: How should the Commission consider the O&M Reserve Fund vis-à-vis the Operating Revenue Allowance?

A: The O&M Reserve Fund should be viewed as an account that is only used in an extreme case or emergency, and possible for cash flow issues. It should not be viewed as something that is used if gas prices rise, benefit expenses go up more than expected, or sales of water drop a few percent. I believe that the operating revenue allowance established by the Commission was intended to fill this purpose. I also believe that to do what was intended, that the allowed percentage should be based on the full revenues as it initially was and that the allowed percentage needs to be adjusted up to reflect today's conditions.

Q: If revenues are insufficient, can't PWSB apply for emergency rate relief ?

A: Theoretically this is possible; however, practically I don't think it is. First, Pawtucket would have to recognize the shortfall in revenues in sufficient time to prepare an emergency filing. It is unclear when this might be possible. For example, it would probably be unreasonable to suggest an emergency exists for the whole year if billings in the fall (three or four months into the fiscal year) are down. However, waiting until January or February might be too late – their may only be one billing left after emergency rates are approved, and that one quarter would not necessarily be sufficient to refund the O&M Reserve Fund so that 25% of the budget (the amount required in the bond resolution) is in the account on June 30.

Q: You have discussed the uncertainties associated with future water revenues and expenses and why the Commission should provide for more realistic water sales estimates and an operating revenue allowance on total revenues. Does Pawtucket need both of these and a 5% operating revenue allowance?

A: I recognize that this may seem to be asking a lot, but I believe it is necessary. In the case of water sales and revenues, clearly they are decreasing over time and historic data about rain-

fall or other factors do not change this pattern. While there may be a year when water use goes up over a previous year, there is a clear trend of dropping water sales. In this case we are asking that the Commission set water sales at the FY 2004 or test year amounts for CY 2006 – the rate year. We now have FY 2005 data and it shows a continuing drop, with sales below the test year amounts. I think it is likely that the sales will continue to drop in CY 2006. PWSB has NOT asked the Commission to set sales at amounts lower than the test year even though recent data clearly indicates that it is likely to drop. We are simply asking the Commission to take note of the downward trend in water use and to reject the Division's claim that sales will increase. By accepting PWSB's position, the Commission will help assure that Pawtucket Water can get the revenues allowed. However, because of the downward trend in sales, it is still unlikely. That is where the operating revenue allowance comes in.

In this docket we have discussed how the actual collection of allowed revenue increases lags the implementation date – there is a built in shortfall of about 0.8%. Because operating costs are typically about half of the water utilities' total expenses, providing a 1.5% operating revenue allowance on <u>operating expenses only</u> is like providing a 0.8% allowance on total revenues. It barely covers the built in lag of actual collections over revenues. It does nothing to provide any cushion or protection for lower sales or increased expenses. The allowance should be based on the total revenues the way it was formerly applied by the Commission.

Q. Even if Pawtucket is in need of an increased operating revenue allowance, why should it be 5%?

A. First, I am unaware of the basis for the 1.5% allowance that is now used by the Commission. In our schedules and exhibits, we have provided sales data that shows the variability over the years. Clearly sales (and thus revenues) have been varying by more than 5% from the

average, but we have only asked for a 5% allowance to help recognize this. In this case I believe we have provided a basis for our request for a 5% allowance.

We have also discussed how various costs will be increasing into the rate year and beyond. The treatment contract with Earth Tech provides for a bump when the new treatment plant comes on line and for CPI based increases thereafter. The costs included in this filing include a blend of the old and new treatment plant costs; they will clearly increase over this blended amount in the first six months after the rate year. While we have reluctantly agreed to a lower inflation factor, recent projections are for higher increases. Certainly more will be known about this when the Commission hears and decides this case. To the extent that inflation and energy prices are up, a realistic operating allowance is needed to account for this. Lastly, the Commission is aware of recent increases in employee benefit expenses and utility insurance costs. While we have tried to reflect the rate year costs in our filing, we are fairly certain that they will continue to rise in the second half of the rate year and exceed the amounts provided for. These costs can only be met if an adequate operating revenue allowance is provided.

The provision of realistic sales for the rate year coupled with a 5% operating revenue allowance will provide the Pawtucket Water Supply Board a realistic opportunity to collect the revenues it needs to meet its rate year expenses.

Cumberland Surcharge

Q: Do you have any general comments on the positions taken by Cumberland's witness, Mr. Bruce?

A: I have not seen Cumberland's responses to our data requests at the time this testimony was prepared, so I may have additional comments on this testimony later. While Mr. Bruce is certainly well qualified in municipal finance and accounting, I do not see anything in Mr. Bruce's background that qualifies him as an expert on water rates and charges. Accordingly, his comments on the fairness, equity or appropriateness of Pawtucket's proposed recovery of Cumberland's taxes should be dismissed by the Commission – it is NOT an expert

opinion. Similarly, Mr. Bruce is not an engineer and does not have background in water system engineering, design or operations. Accordingly, his opinions on how the systems work or are operated and how or who various components may benefit should also be dismissed – they are not expert opinions.

Q: In Mr. Bruce's testimony he contends that "the appropriate forum for resolution of this tangible tax dispute is the Rhode Island Superior Court, not this Commission." On page 12 of his testimony, Mr. Bruce contends that "Under RIGL 44-5-27, a Superior Court appeal of the tangible property taxation is by law the "exclusive remedy" available to PWSB for challenging the tangible property taxation." Is Pawtucket asking the Commission to resolve the issues raised in the tax appeals currently pending in Superior Court?

A: No we are not. I thought that this was very clear on pages 23-24 in Ms. Marchand's direct testimony. However to the extent it was not, it bears repeating:

> "The PWSB is not asking the Commission to rule whether the assessed value of its tangible property in Cumberland is proper. Issues concerning the proper valuation will be settled by the Providence Superior Court. In addition, the PWSB is not asking the Commission to determine whether the tax itself is proper. The PWSB does not dispute that the Town of Cumberland may tax tangible property if the tax is based on a fair and legal valuation. If the Town of Cumberland's assessed valuation of the PWSB's tangible property were legal, the PWSB would likely have no grounds, or reason, to challenge the tax. The proper method for the equitable recovery of the tax is the real issue at hand.
>
> No matter how the Providence Superior Court rules on the valuation used by Cumberland, the tax itself will always exist, unless Cumberland stops the taxation altogether. Therefore, as long as Cumberland continues to charge this tax, there will be a difference in the cost of service at the point of delivery in Cumberland. This differential is a factor in ratemaking. The amount of the tax may change based on the amount of the

assessed value, and therefore, the amount of the tax, but the tax itself will continue to exist, thus creating an increased cost of service based on geographical boundaries."

Q: Is it relevant what other communities in RI are doing?

A: Not to the rate making proposal before the Commission in this docket.

Q: Do you believe that Pawtucket's attempt to obtain statutory exemption from taxation that Mr. Bruce testified has any relevance?

A: It has no relevance to the rate making treatment of the tax.

Q: What issue is the PWSB asking the Commission to address as it relates to Cumberland's tangible property tax?

A: The only issue we are asking the Commission to address is the proper rate making treatment of the tangible property tax. I have offered my expert opinion on this matter after decades of work on the proper design of water rates and the equitable recovery of costs.

Q. Do you believe that a surcharge should not be granted because it could open "Pandora's Box?"

A: No. I do not. Each request for a rate increase, and each cost of service study should be decided on its own merits. Requests should not be denied simply because they are novel or may affect future rate filings and cost of service studies. This approach would encourage regulated utilities, and the Commission itself, to merely keep the status quo regardless of the factual circumstances applicable to individual cases.

Q: Mr. Bruce suggests that a surcharge for Central Falls may also be appropriate because of the expense there? Do you have any comment on that?

A: Aside from the question of Mr. Bruce's expertise in rate design and cost allocation, he has clearly failed to consider one major factor: for Central Falls, the rate payer revenues go back into the system to the benefit of at least some rate payers. In the case of Cumberland's tangible taxes, the money leaves the system to the detriment of all rate payers and only benefits

ble taxes, the money leaves the system to the detriment of all rate payers and only benefits the tax payers of Cumberland.

Q. Do you agree with Mr. Bruce's testimony that a surcharge will only pit one ratepayer against another?

A. No. I do not. The PWSB is not pitting one class of ratepayer against another. If Mr. Bruce wishes to delineate between two sides, it is the PWSB ratepayers and the Town of Cumberland who are at odds. Money paid by *all* of the PWSB's ratepayers is being paid over to Cumberland's general fund. In essence, money is being taken out of the PWSB system. This is money that could be invested in the system to the benefit of all users, or if not required, it would help to reduce water rates. This tax directly benefits the taxpayers in Cumberland and only in Cumberland. They pay lower taxes because of this influx of money from the PWSB's ratepayers. Therefore, while all of the PWSB's ratepayers bear the burden of increased rates to pay this tax, only those ratepayers in Cumberland reap the benefit of paying lower taxes.

Q: Mr. Bruce indicates that Cumberland's $20,000,000 valuation of the PWSB's tangible property includes aeration basin, clearwell, settling basin and other property that benefits all of the entire system. Does this change your opinion at all on the surcharge issue?

A. No it does not. First, I would have no objection to the taxation of items such as the aeration basin, clearwell, settling basin and dam being taxed as real property. In fact, although it is an issue for the Superior Court to decide, it is my understanding that some of these items may already be taxed as real property, and perhaps are being double taxed. Further, I would also have no problem with the taxes on these items, if properly characterized as real property, being recovered from all users. As the Commission knows, the PWSB is not seeking a surcharge based on the real property taxes it pays to the Town of Cumberland.

Second, it is difficult to address Mr. Bruce's argument because the documents he presented indicates that Cumberland's assessment of the PWSB's tangible property is between $62,020,010 and $30,000,000 depreciated rather than the $20,000,000 being used as the basis for the PWSB's tangible tax. Of this $30,000,000 value in the Cost Approach, the "miscellaneous items" are valued at $7,500,000. Thus, even using Cumberland's own numbers, the bulk of the PWSB's tangible property value, and its resulting tax, are still attributable to the distribution pipes.

Again, I must stress that this docket is **NOT** about the value of the tangible property or the appropriateness of the tangible tax – it is simply about the proper recovery of the specific tax that has been billed by Cumberland.

Q: So, do you have any objection to Mr. Bruce's suggestion that if the surcharge is adopted by the Commission that the funds be restricted?

A: I have no problem with this recommendation. I would expect that this restricted account would work like others, with specific amounts deposited each month and payments of the tangible property tax made out of this fund. To the extent that the restricted funds exceed the actual tax they could be used in later years and lower the surcharge in future rate requests. To the extent that funds might be insufficient to cover the taxes, I expect they would be similarly made up in future rate filings.

Summary

Q: Have you prepared updated schedules?

A: Yes I have. As indicated in my rebuttal testimony and that of others, we have made some revisions to the rate year expenses. In addition, the Division recommended several rate design changes that we agree with. These are reflected on the attached schedules.

Q: Does this conclude your rebuttal testimony?

A: I am not certain. First, there are data requests to Cumberland that are currently outstanding. Second, we had submitted several data requests to the Commission; however, the responses did not address the questions we had asked. We have submitted a new set of follow-up data requests, and depending on those responses, I may have additional supplemental rebuttal testimony.

ATTACHMENTS:

1. Bebyn's analysis of water sales by customer class for FY 1997 – 2005
2. Division's responses to PWSB Data Request Set #1
3. Updated Schedules of Christopher Woodcock

TEST YEAR & RATE YEAR EXPENSES

Expense Item	Test Year FY 2004	Summary of Adjustments	Rate Year CY 2006	Adjustments Detail: Labor & Related Items	Adjustments Detail: Other Adjustments	Adjustments Detail: Supporting Schedule
ADMINISTRATION						
Admin Salaries	$440,532	$158,918	$599,450	$158,918	$0	Sch. 1.3
Admin Overtime	$4,245	$3,707	$7,952	$3,707	$0	Sch. 1.3
Police Payroll	$18,176	$1,157	$19,334	$0	$1,157	Sch. 1.1 (i)
Out of Class Pay	$2,419	-$2,419	$0	-$2,419	$0	Sch. 1.3
Admin. Longevity	$19,890	$7,942	$27,832	$7,942	$0	Sch. 1.3
Admin. Vacation & Sick Pay	$80,118	-$80,118	$0	-$80,118	$0	Sch. 1.3
FICA Payroll Tax	$29,112	$8,483	$37,595	$8,483	$0	Sch. 1.3
Medicare Payroll Tax	$7,237	$1,974	$9,211	$1,974	$0	Sch. 1.3
Health/Dental Benefits	$581,012	$143,088	$724,100	$143,088	$0	Sch. 1.3
MERS Contribution	$7,797	$25,178	$32,975	$25,178	$0	Sch. 1.3
Education & Training	$9,727	$5,123	$14,850	$0	$5,123	Sch. 1.1
Outside Services	$113,407	$7,221	$120,628	$0	$7,221	Sch. 1.1 (i)
Pagers/Cell Phones	$16,964	$1,080	$18,044	$0	$1,080	Sch. 1.1 (i)
Maint. of Gen'l Plant	$18,454	$1,175	$19,629	$0	$1,175	Sch. 1.1 (i)
Repairs & Main/water plant	$1,566	$100	$1,666	$0	$100	Sch. 1.1 (i)
Telephone	$12,666	$807	$13,472	$0	$807	Sch. 1.1 (i)
Heating Fuel	$18,841	$3,472	$22,313	$0	$3,472	Sch. 1.1 (u)
Other Utilities	$2,252	$415	$2,667	$0	$415	Sch. 1.1 (u)
Unemployment Insurance	$2,277	$2,307	$4,584	$2,307	$0	Sch. 1.3
Workers Compensation	$32,414	$65,909	$98,323	$65,909	$0	Sch. 1.3
Property Insurance	$143,287	-$3,436	$139,851	$0	-$3,436	Div 2-49 - 3% increase for last h
Advertising/Classified	$9,490	$604	$10,094	$0	$604	Sch. 1.1 (i)
Printing	$8,068	$514	$8,582	$0	$514	Sch. 1.1 (i)
Dues & Subscriptions	$29,107	-$9,274	$19,834	$0	-$9,274	Sch. 1.1 (i) Com 2-25
Office Supplies/Other	$17,449	$1,111	$18,560	$0	$1,111	Sch. 1.1 (i)
Postage	$12,222	$778	$13,000	$0	$778	Sch. 1.1 (i)
Housekeeping Supplies	$7,778	$495	$8,274	$0	$495	Sch. 1.1 (i)
Municipal Charges	$136,250	$8,676	$144,926	$0	$8,676	Sch. 1.1 (i)
Capitalized Materials	$32,142	$16,000	$48,142	$0	$16,000	Sch. 1.1
Materials & Supplies	$1,722	$110	$1,832	$0	$110	Sch. 1.1 (i)
Bad Debt Expense	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Damage Claims	$7,499	$477	$7,976	$0	$477	Sch. 1.1 (i)
Bond Trustee Fees	$0	$13,000	$13,000	$0	$13,000	Sch. 1.1
Cent Falls Franch. Fee/Purchase	$172,831	$0	$172,831	$0	$0	Sch. 1.1
Regulatory Comm. Expense	$134,861	$38,472	$173,333	$0	$38,472	Sch. 1.1
Other Miscellaneous	$10,511	$0	$10,511	$0	$0	Sch. 1.2
Subtotal - Admin	$2,142,323	$423,047	$2,565,371	$334,968	$88,079	
CUSTOMER SERVICE						
Payroll	$127,577	$7,584	$135,161	$7,584	$0	Sch. 1.3
Overtime	$2,501	$13	$2,514	$13	$0	Sch. 1.3
Out of Class Pay	$115	$512	$627	$512	$0	Sch. 1.3
Longevity	$2,584	$4,304	$6,888	$4,304	$0	Sch. 1.3
Vacation & Sick Time	$0	$0	$0	$0	$0	Sch. 1.3
FICA	$8,197	$805	$9,002	$805	$0	Sch. 1.3
Medicare	$1,917	$188	$2,105	$188	$0	Sch. 1.3
MERS Contribution	$2,258	$5,473	$7,731	$5,473	$0	Sch. 1.3
Education & Training	$398	$2,677	$3,075	$0	$2,677	Sch. 1.1
Outside Services	$15,895	$1,012	$16,907	$0	$1,012	Sch. 1.1 (i)
Vehicle Maint - Fuel & Misc.	$1,774	$327	$2,101	$0	$327	Sch. 1.1 (u)
Main. of Misc Equipment	$1,186	$76	$1,262	$0	$76	Sch. 1.1 (i)
Telephone	$1,287	$82	$1,369	$0	$82	Sch. 1.1 (i)
Other Utilities	$0	$0	$0	$0	$0	Sch. 1.1 (u)
Printing	$16,103	$1,025	$17,128	$0	$1,025	Sch. 1.1 (i)
Dues & Subscriptions	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Postage	$25,840	$1,645	$27,486	$0	$1,645	Sch. 1.1 (i)

TEST YEAR & RATE YEAR EXPENSES

Expense Item	Test Year FY 2004	Summary of Adjustments	Rate Year CY 2006	<---------- Adjustments Detail ----------> Labor Increase	Other Adjustments	Supporting Schedule
Miscellaneous Supplies	$130	$8	$138	$0	$8	Sch. 1.1 (i)
Other Misc.	$1,776	$113	$1,890	$0	$113	Sch. 1.1 (i)
Subtotal - Customer Accts	$209,538	$25,846	$235,384	$18,880	$6,966	
SOURCE OF SUPPLY						
Salaries	$123,400	$22,224	$145,624	$22,224	$0	Sch. 1.3
Overtime	$377	-$377	$0	-$377	$0	Sch. 1.3
Source of Supply Beeper	$2,146	$29	$2,175	$29	$0	Sch. 1.3
Longevity	$0	$12,299	$12,299	$12,299	$0	Sch. 1.3
Vacation & Sick Time	$14,925	-$14,925	$0	-$14,925	$0	Sch. 1.3
FICA	$11,750	-$1,824	$9,926	-$1,824	$0	Sch. 1.3
Medicare Payroll Tax	$2,748	-$427	$2,321	-$427	$0	Sch. 1.3
MERS Contribution	$798	$7,315	$8,113	$7,315	$0	Sch. 1.3
Education Training	$45	$1,955	$2,000	$0	$1,955	Sch. 1.1
Security Services	$67,847	-$1,787	$66,060	$0	-$1,787	Sch. 1.1
Vehicle Maint - Fuel & Misc.	$105	$1,895	$2,000	$0	$1,895	Sch. 1.1
Maint of Structures	$2,752	$4,258	$7,010	$0	$4,258	Sch. 1.1
Maint - Collection Reservoirs	$78,048	$52,452	$130,500	$0	$52,452	Sch. 1.1
Maint - Wells	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Maint - Misc. Plant	$569	$431	$1,000	$0	$431	Sch. 1.1
Maint - Wells & Springs	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Light & Power	$23,888	$4,402	$28,290	$0	$4,402	Sch. 1.1 (u)
Other Utilities	$0	$0	$0	$0	$0	Sch. 1.1 (u)
Materials & Supplies	$85	$6,654	$6,739	$0	$6,654	Sch. 1.1
Property Tax	$644,909	$57,919	$702,828	$0	$57,919	Sch. 1.1
Miscellaneous	$46	$7,106	$7,152	$0	$7,106	Sch. 1.1
Subtotal - Supply	$974,437	$159,601	$1,134,038	$24,315	$135,286	
PUMPING						
Salaries	$0	$0	$0	$0	$0	
Overtime	$0	$0	$0	$0	$0	
Longevity	$0	$0	$0	$0	$0	
Vacation & Sick Time	$0	$0	$0	$0	$0	
FICA	$0	$0	$0	$0	$0	
Medicare Payroll Tax	$0	$0	$0	$0	$0	
MERS Contribution	$0	$0	$0	$0	$0	
Maint - Structures & Improvmnt	$0	$0	$0	$0	$0	
Maint - Water Treatment Plant	$0	$0	$0	$0	$0	
Maint - Equipment	$6,233	-$6,233	$0	$0	-$6,233	To DBO Contract
Plant Maintenance	$0	$0	$0	$0	$0	
Telephone	$1,953	-$1,953	$0	$0	-$1,953	To DBO Contract
Heating	$0	$0	$0	$0	$0	
Purchased Power	$476,271	$87,774	$564,045	$0	$87,774	Sch. 1.1 (u)
Depreciation	$0	$0	$0	$0	$0	
Property Tax	$23,528	$2,113	$25,641	$0	$2,113	Sch. 1.1
Miscellaneous	$0	$0	$0	$0	$0	
Subtotal - Pumping	$507,985	$81,701	$589,685	$0	$81,701	
PURIFICATION						
DBO O&M Contract	$1,148,904	$410,948	$1,559,852	$0	$410,948	Sch. 1.1
Overtime	$0	$0	$0	$0	$0	
Out of Class Pay	$0	$0	$0	$0	$0	
Beeper Stipend	$0	$0	$0	$0	$0	
Longevity	$0	$0	$0	$0	$0	
Vacation & Sick Time	$0	$0	$0	$0	$0	
FICA	$0	$0	$0	$0	$0	
Medicare	$0	$0	$0	$0	$0	
MERS Contribution	$0	$0	$0	$0	$0	

TEST YEAR & RATE YEAR EXPENSES

Expense Item	Test Year FY 2004	Summary of Adjustments	Rate Year CY 2006	<---------- Adjustments Detail ----------> Labor Increase	Other Adjustments	Supporting Schedule
Education & Training	$0	$0	$0	$0	$0	
Lab Testing	$0	$0	$0	$0	$0	
Vehicle Maint - Tires	$0	$0	$0	$0	$0	
Vehicle Maint - Batteries	$0	$0	$0	$0	$0	
Vehicle Maint - Outside Parts	$0	$0	$0	$0	$0	
Vehicle Maint - Fuel & Misc	$0	$0	$0	$0	$0	
Maint - Structures	$0	$0	$0	$0	$0	
Maint - Distrib. Reservoirs	$0	$0	$0	$0	$0	
Maint - Wells	$0	$0	$0	$0	$0	
Maint - Equipment	$0	$0	$0	$0	$0	
Maint - Facilities	$0	$0	$0	$0	$0	
Telephone	$0	$0	$0	$0	$0	
Light & Power	$172,477	$37,786	$210,263	$0	$37,786	Sch. 1.1
Heating	$0	$0	$0	$0	$0	
Other Utilities	$0	$0	$0	$0	$0	
Advertising/Classified	$0	$0	$0	$0	$0	
Dues & Subscriptions	$0	$0	$0	$0	$0	
Office Supplies	$0	$0	$0	$0	$0	
Postage	$0	$0	$0	$0	$0	
Materials & Supplies	$0	$0	$0	$0	$0	
Chemicals	$0	$0	$0	$0	$0	
Depreciation	$0	$0	$0	$0	$0	
Property Tax	$48,116	$4,321	$52,438	$0	$4,321	Sch. 1.1
Other Miscellaneous	$0	$0	$0	$0	$0	
Subtotal - Purification	$1,369,497	$453,056	$1,822,553	$0	$453,056	
TRANSMISSION & DISTRIBUTION						
Payroll	$648,851	$254,496	$903,347	$254,496	$0	Sch. 1.3
Overtime	$111,019	-$12,657	$98,362	-$12,657	$0	Sch. 1.3
Out of Class Pay	$8,539	-$6,448	$2,091	-$6,448	$0	Sch. 1.3
Beeper Stipend	$6,465	$1,146	$7,611	$1,146	$0	Sch. 1.3
Longevity	$52,124	$3,067	$55,191	$3,067	$0	Sch. 1.3
Vacation & Sick Time	-$41,584	$95,881	$54,298	$95,881	$0	Sch. 1.3
FICA	$55,289	$9,721	$65,009	$9,721	$0	Sch. 1.3
Medicare	$12,931	$3,322	$16,253	$3,322	$0	Sch. 1.3
MERS Contribution	$10,392	$40,145	$50,537	$40,145	$0	Sch. 1.3
Education & Training	$4,047	$3,190	$7,237	$0	$3,190	Sch. 1.1
Vehicle Maint-Registration	$96	$6	$102	$0	$6	Sch. 1.1 (i)
Vehicle Maint - Inspection	$614	$39	$653	$0	$39	Sch. 1.1 (i)
Vehicle Maint - Tires	$879	$56	$935	$0	$56	Sch. 1.1 (i)
Vehicle Maint - Batteries	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Vehicle Maint - Outside Parts	$31,641	$2,015	$33,656	$0	$2,015	Sch. 1.1 (i)
Vehicle Maint - Fuel & Misc	$15,796	$2,911	$18,707	$0	$2,911	Sch. 1.1 (u)
Maint - Misc Plant	$2,789	$178	$2,967	$0	$178	Sch. 1.1 (i)
Maint - T&D Mains	$19,541	$1,244	$20,786	$0	$1,244	Sch. 1.1 (i)
Maint - Services	$11,225	$715	$11,940	$0	$715	Sch. 1.1 (i)
Maint - Hydrants	$4,254	$271	$4,525	$0	$271	Sch. 1.1 (i)
Telephone	$1,930	$123	$2,053	$0	$123	Sch. 1.1 (i)
Advertising & Classified	$1,473	$94	$1,567	$0	$94	Sch. 1.1 (i)
Dues & Subscriptions	$30	$2	$32	$0	$2	Sch. 1.1 (i)
Postage	-$494	-$31	-$526	$0	-$31	Sch. 1.1 (i)
Capitalized Materials	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Misc. Tools & Supplies/Inventory	$11,634	$35,000	$46,634	$0	$35,000	Sch. 1.1
Inventory Water Material	$5,404	$344	$5,748	$0	$344	Sch. 1.1 (i)
Road Surface Restoration	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Other Misc Supplies	$872	$56	$928	$0	$56	Sch. 1.1 (i)
Central Falls System Operations	$0	$398,667	$398,667	$0	$398,667	Sch. 1.1
Property Tax	$126,182	$11,332	$137,514	$0	$11,332	Sch. 1.1

TEST YEAR & RATE YEAR EXPENSES

Expense Item	Test Year FY 2004	Summary of Adjustments	Rate Year CY 2006	<---------- Adjustments Detail ----------> Labor Increase	Other Adjustments	Supporting Schedule
Other Miscellaneous	$29,117	$1,854	$30,972	$0	$1,854	Sch. 1.1 (i)
Subtotal - T&D	$1,131,056	$846,738	$1,977,793	$388,673	$458,064	
ENGINEERING						
Payroll	$311,411	$80,720	$392,131	$80,720	$0	Sch. 1.3
Overtime	$8,018	-$2,330	$5,687	-$2,330	$0	Sch. 1.3
Out of Class Pay	$2,402	-$436	$1,965	-$436	$0	Sch. 1.3
Beeper Stipend	$240	-$240	$0	-$240	$0	Sch. 1.3
Longevity	$17,609	$5,699	$23,309	$5,699	$0	Sch. 1.3
Vacation & Sick Time	$8,889	-$2,494	$6,395	-$2,494	$0	Sch. 1.3
FICA	$24,401	$2,227	$26,628	$2,227	$0	Sch. 1.3
Medicare	$5,707	$521	$6,228	$521	$0	Sch. 1.3
MERS Contribution	$2,802	$19,852	$22,654	$19,852	$0	Sch. 1.3
Education & Training	$1,670	$2,020	$3,690	$0	$2,020	Sch. 1.1
Outside Services	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Vehicle Maint-Registration	$56	$4	$60	$0	$4	Sch. 1.1 (i)
Vehicle Maint - Inspec	$76	$5	$81	$0	$5	Sch. 1.1 (i)
Vehicle Maint - Tires	$452	$29	$481	$0	$29	Sch. 1.1 (i)
Vehicle Maint - Batteries	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Vehicle Maint - Outside Parts	$2,041	$130	$2,171	$0	$130	Sch. 1.1 (i)
Vehicle Maint - Fuel & Misc	$4,862	$896	$5,758	$0	$896	Sch. 1.1 (u)
Maint - Misc Equipment	$148	$9	$157	$0	$9	Sch. 1.1 (i)
Telephone	$3,217	$205	$3,422	$0	$205	Sch. 1.1 (i)
Utilities Exp	$0	$0	$0	$0	$0	Sch. 1.1 (u)
Advertising and Classifieds	$563	$36	$599	$0	$36	Sch. 1.1 (i)
Printing	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Dues & Subscriptions	$35	$2	$37	$0	$2	Sch. 1.1 (i)
Office Supplies & Other	$19,406	$1,236	$20,642	$0	$1,236	Sch. 1.1 (i)
Postage	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Capitalized Materials	$92	$6	$98	$0	$6	Sch. 1.1 (i)
Other Misc. Expense	$3,177	$202	$3,379	$0	$202	Sch. 1.1 (i)
Miscellaneous Expense	$9,036	$575	$9,612	$0	$575	Sch. 1.1 (i)
Subtotal - Engineering	$426,310	$108,873	$535,183	$103,518	$5,355	
METER DEPARTMENT						
Payroll	$328,182	$58,240	$386,422	$58,240	$0	Sch. 1.3
Overtime	$5,046	-$3,764	$1,283	-$3,764	$0	Sch. 1.3
Out of Class Pay	$646	-$332	$314	-$332	$0	
Beeper Stipend	$1,311	$48	$1,359	$48	$0	
Longevity	$12,985	$7,125	$20,110	$7,125	$0	Sch. 1.3
Vacation & Sick Time	$3,813	-$3,813	$0	-$3,813	$0	Sch. 1.3
FICA	$21,572	$3,816	$25,388	$3,816	$0	Sch. 1.3
Medicare	$5,045	$893	$5,938	$893	$0	Sch. 1.3
MERS Contribution	$4,986	$16,461	$21,447	$16,461	$0	
Education & Training	$935	-$253	$682	$0	-$253	Sch. 1.1
Vehicle Maint - Inspec	$8	$1	$9	$0	$1	Sch. 1.1 (i)
Vehicle Maint - Batteries	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Vehicle Maint - Tires	$102	$6	$108	$0	$6	Sch. 1.1 (i)
Vehicle Maint - Outside Parts	$1,658	$106	$1,764	$0	$106	Sch. 1.1 (i)
Vehicle Maint - Fuel & Misc	$6,238	$1,150	$7,387	$0	$1,150	Sch. 1.1 (u)
Maint - Misc Equipment	$3,017	$192	$3,209	$0	$192	Sch. 1.1 (i)
Maint - Meters	$845	$54	$899	$0	$54	Sch. 1.1 (i)
Telephone	$1,501	$96	$1,597	$0	$96	Sch. 1.1 (i)
Advertising & Classified	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Travel	$1,554	$99	$1,653	$0	$99	Sch. 1.1 (i)
Supplies	$2,743	$175	$2,918	$0	$175	Sch. 1.1 (i)
Postage	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Capitalized Materials	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Merchandising & Jobbing	$26,062	$1,660	$27,722	$0	$1,660	Sch. 1.1 (i)
Meter Maint. Expense	$0	$0	$0	$0	$0	Sch. 1.1 (i)
Meter Reading Expense	$4,867	$310	$5,176	$0	$310	Sch. 1.1 (i)
Meter Inventory	$678	$43	$721	$0	$43	Sch. 1.1 (i)
Other Misc, Expense	$136	$9	$145	$0	$9	Sch. 1.1 (i)
Subtotal - Meter Department	$433,929	$82,320	$516,249	$78,674	$3,646	

TEST YEAR & RATE YEAR EXPENSES

Expense Item	Test Year FY 2004	Summary of Adjustments	Rate Year CY 2006	<---------- Adjustments Detail ----------> Labor Increase	Other Adjustments	Supporting Schedule
CAPITAL EXPENSE						
PBA Misc. Exp.	$0	$0	$0	$0	$0	
CWFA Fees	$0	$0	$0	$0	$0	incl w/ debt
Restrict. Bond Principal & Interest	$2,313,602	$3,422,412	$5,736,014	$0	$3,422,412	Sch. 1.1
Lease Principal	$110,689	$25,040	$135,729	$0	$25,040	Sch. 1.1
Lease Interest	$7,444	$7,789	$15,233	$0	$7,789	Sch. 1.1
Capitalized Labor	$0	$0	$0	$0	$0	
Capitalized Material & Supply	$0	$0	$0	$0	$0	
IFR	$2,671,039	$428,961	$3,100,000	$0	$428,961	Sch. 1.1
WRB - Settlement	$0	$0	$0	$0	$0	
Cent Falls Franch. Fee Settlement	$0	$0	$0	$0	$0	
Lead Pipe Replacement	$0	$0	$0	$0	$0	
T&D Replacement	$0	$0	$0	$0	$0	
Rate Stabiliz/Capital Program	$0	$0	$0	$0	$0	
O&M Reserve Deposit	$666,997	-$535,796	$131,201	$0	-$535,796	Sch. 1.1
R & R Reserve Deposit	$0	$0	$0	$0	$0	
WTP Reserve	$778,000	-$389,000	$389,000	$0	-$389,000	Sch. 1.1
Subtotal - Capital	$6,547,771	$2,959,407	$9,507,178	$0	$2,959,407	
TOTAL EXPENSES	$13,742,847	$5,140,587	$18,883,434	$949,028	$4,191,559	
PLUS: OPERATING INCOME	$0	$944,172	$944,172			Sch 1.1
LESS: Service Instal Revenue	-$241,670	$0	-$106,352			Sch. 1.2
LESS: State Surcharge Revenue	-$64,364	$0	-$64,364			Sch. 1.2
LESS: MISC. REVENUES	-$124,687	$127,496	-$132,509			Sch. 1.2
REQUIRED FROM RATES	$13,312,126	$6,212,255	$19,524,380	$949,028	$4,191,559	
			46.67%			

DETAILS OF ADJUSTMENTS TO TEST YEAR EXPENSES

Capital Requirements

Debt Service

The Commission allowance for debt service and CWF Agency Fees in Docket No. 3593 was $ 5,736,014 PWSB is not seeking a change in that allowance at this time. Accordingly, this allowance is shown for Debt Service principal and interest. Because this included allowances for Agency fees. No additional cost is presented for these fees in the Rate Year.

WTP Reserve

In Docket No. 3497, the Commission made an allowance for $778,000 to be used for interim repairs and improvements at the existing water treatment plant. While the new plant is expected to be completed part way into the rate year, there will be additional demolition costs -- 50% of the a

Trustee Fees - paid to trustee for administration of bonds and funds $ 13,000

Capital Leases	Rate Year	Test Year	Adjustment
Normal Principal	$107,566	$110,689	-$3,123
Central Falls Prin	$28,163	$0	$28,163
Total Principal	$135,729	$110,689	$25,040
Normal Interest	$15,233	$7,444	$7,789
Central Falls Int	$0	$0	$0
Total Interest	$15,233	$7,444	$7,789

	Rate Year	Test Year	Adjustment	
IFR - PAYGO	$3,100,000	$2,671,039	$428,961	Note:TY based on $900,000 for 2 months from 11/1/00

O&M Reserve Requirement

Rate Year O&M =	$9,376,256
Required Level (25%)	$2,344,064
Balance 2/28/05	$1,642,033
Monthly Additions	$57,083 (includes estim interest)
Estimated Balance 12/30/05	$2,212,863
Rate Year Addition =	$131,201

DBO Contract

	Existing WTP	New WTP *	Pro Rated **	
Annual Contract 2/05-2/06	$1,184,652			
Annual Contract 2/06 - 2/07	$1,232,062	$ 1,674,383	$ 1,559,852	$ 114,531
Increase Over Test Year =	$410,948			

* New Plant assumed in Operation April 2006. Annual cost includes allowance for UV license/patent and EPA monitoring.
** One month at 2/05-2/06 amount, 2 months at 2/06-2/07 amount and 9 months at new WTP amount.

WTP Power: new facility will include additional power for UV unit = $6000

Inflation Adjustments

Certain items (with an "i" notation) were increased from test year amounts by an inflation rate of 2.50% per year over 2 1/2 years. Utility costs ("u" notation) were increased for inflation by 7.00% for 2.5 years.

Education & Training These are set at the amounts provided for in Docket 3497, increased for inflation for one year. The amount included in Purification ($18,313) has been eliminated and replaced with the following:

Source of Supply $ 2,000

In addition, the amounts have been adjusted for specific programs/courses as follows:

Administration

required courses for new CFO	$ 2,000
AWWA Water Dist Conf - Assist. Chief Engineer	$ 2,000
CFO Membership AICPA, RISCPA (2) & GFOA	$ 600
T&D - Debt Manager - AWWA Water Distrib Conf	$ 2,000

Property Taxes have been increased in each case by the maximum allowable amount of 3.5% per year for 2 1/2 years.

PWSB Share of City wide GIS included in **Admin Capitalized Materia** $16,000

Property Insurance has been increased by 10% per year (1.5 years) from the FY 2005 base. For FY 2005 the Property Insurance was $155,558 It is hoped that a new bid price will be available during hearings.

DETAILS OF ADJUSTMENTS TO TEST YEAR EXPENSES

Central Falls System Operation* (see Testimony of P. Marchand)

Labor Costs - Crew Leader, Equipment Operator, and 3 Utility Workers

CY 2006 Salary & Long	$	215,988	
Overtime	$	19,672	
Out of Class	$	418	
Pager/Beeper	$	1,522	
Payroll Taxes	$	16,523	
Benefits	$	89,955	(Includes Health Insurance, Worker's Compensation and MERS Contribution)
Total	$	344,078	
Tools/Supplies for Equip Truck	$	23,000	
Expenses for CF system	$	31,588	
	$	-	
CF System O&M	$	398,667	

*Note: Additional lease costs presented above

Cent Falls Franch. Fee/Purchase

In order to accumulate sufficient funds to purchase the Central Falls system, PWSB is requesting continued funding for this line item.

Transmission & Distribution - Misc Tools & Supplies

Based on Test Year actual plus $15,000 for new road saw to be used for cutting asphalt & concrete plus $20,0000 for leak detection equipment app docket but not purchased due to insiufficient revenues.

Source of Supply

Rate year adjustments based on:

Security Costs				
Private security for reservoir patrol	$	66,060		
Police Band Radio	$	-		
Security Lighting (11 lights @$50/mo each)	$	-		
Security Lighting maintenance	$	-	$	66,060
Vehicle Maintenance				
Vehicle Expense	$	1,000		
Misc Vehicle Items	$	400		
Gasoline	$	600	$	2,000
Maint of Structures & Improvements				
Bascule Gate - H.H. Dam Paint & oil	$	200		
Caretakers House	$	6,810	$	7,010
Maint of Reservoirs				
various items	$	30,500		
brush control	$	100,000	$	130,500
Misc Maint - Source Plant				
Diesel engine & pump main Diamond Hill			$	1,000
Materials & Supplies & Operating/Office Supplies				
various items			$	6,739
Misc. Expenses				
Uniforms - 3 employees				
Fees & Permits	$	5,600		
Communications Expense - Outside Lines	$	1,400		
Dues & Subscriptions	$	152	$	7,152

Regulatory Expenses

Estimated Rate Year	
Rate Case Costs (estim)	$200,000
Spread over 1.5 yrs	$133,333
PUC Fee	$35,000
Other	$5,000
Total Rate Year	$173,333
Test Year	$134,861
Adjustment	$38,472

Operating Reserve

See testimony of C. Woodcock. An operating reserve allowance of 5.0% on total revenues is requested in this case. As shown On Schedule 2, the annual changes in sales exceeds 5% per year on average for the past five years.

ADJUSTMENTS TO MISCELLANEOUS REVENUES

	Test Year FY 2004	Summary of Adjustments	Rate Year CY 2006	Notes
Service Installation	$241,670	-$135,318	$106,352	1
Merchandising & Jobbing	$4,719	$0	$4,719	2
Rental Income	$21,320	$0	$21,320	2
Misc Non-operating	$11,581	$7,822	$19,403	1
Interest/Dividends	$26,031	$0	$26,031	1
Penalties	$61,037	$0	$61,037	2
State Surcharge (Admin)	$64,364	$0	$64,364	
Total	$430,721	-$127,496	$303,226	

Notes:

1. Average of past six years

	Serv Instal.	Misc Non-Op
1999	$ 56,223	$ 30,957
2000	$ 41,741	$ 24,428
2001	$ 78,098	$ 15,693
2002	$ 64,320	$ 33,757
2003	$ 156,062	$ -
2004	$ 241,670	$ 11,581
Avg	$ 106,352	$ 19,403
Adjustment	$ (135,318)	$ 7,822

2. See DGB - 1

SALARY & LABOR ADJUSTMENTS

Salary Costs

See Testimony of R. Benson. Amounts are net of amounts funded through IFR.

	CY06 Salary	Longevity	Overtime	Out of Grade	Vac/Sick Payout	
Administration	$599,450	$ 27,832	$ 7,952	$ -	$ -	
Customer Service	$135,161	$ 6,888	$ 2,514	$ 627	$ -	
Meter Department	$386,422	$ 20,110	$ 1,283	$ 314	$ -	
Engineering	$392,131	$ 23,309	$ 5,687	$ 1,965	$ 6,395	
Source of Supply	$145,624	$ 12,299	$ -	$ -	$ -	
Transmission & Distribution	$903,347	$ 55,191	$ 98,362	$ 2,091	$ 54,298	
Totals	$2,562,135	$145,630	$115,798	$4,997	$60,693	$4,081,882

	Health/Dental	Workers Comp	MERS	Beeper Stip.	FICA	Medicare
Administration	$ 242,966	$ 11,300	$ 32,975	$ -	$ 37,595	$ 9,211
Customer Service	$ 28,353	$ 2,222	$ 7,731	$ -	$ 9,002	$ 2,105
Meter Department	$ 111,098	$ 15,596	$ 21,447	$ 1,359	$ 25,388	$ 5,938
Engineering	$ 61,829	$ 16,300	$ 22,654	$ -	$ 26,628	$ 6,228
Source of Supply	$ 40,880	$ 6,612	$ 8,113	$ 2,175	$ 9,926	$ 2,321
Transmission & Distribution	$ 238,974	$ 46,293	$ 50,537	$ 7,611	$ 65,009	$ 16,253
Subtotals	$724,100	$98,323	$143,457	$11,144	$173,549	$42,056

Unemployment Insurance	$ 4,584

UNITS OF SERVICE

METERS

Meter Size	Quarterly	Monthly	Total	Equiv Factor	# of Equivs
5/8	21,243	8	21,251	1.00	21,251
3/4	239	4	243	1.39	337
1	474	11	485	2.00	970
1 1/2	230	6	236	4.07	961
2	374	28	402	5.29	2,125
3	24	16	40	6.00	240
4	10	6	16	14.00	224
6	4	3	7	21.00	147
8	0	0	0	30.00	0
	=========	=========	=========		=========
Totals	22,598	82	22,680		26,254

PUBLIC FIRE HYDRANTS

	Test Year	Adjustments	Rate Year
Pawtucket	1,514	0	1,514
Central Falls	201	0	201
Valley Falls	197	0	197
Totals	1,912	0	1,912

PRIVATE FIRE SERVICE

Size	Test Year	Adjustments	Rate Year	Equiv Factor	# of Equivs
2	18	0	18	5.3	95
4	29	0	29	14.0	406
6	354	0	354	21.0	7,434
8	88	0	88	30.0	2,640
10	4	0	4	30.0	120
12	0	0	0	30.0	0
Total	493	0	493		10,695

UNITS OF SERVICE

METERED WATER USE (ccf/year)

Class	Test Year	Adjustments	Rate Year
Small (5/8 - 1")	3,095,831	0	3,095,831
Medium (1.5 - 2" & By pass)	763,379	0	763,379
Large (3" and up)	367,351	0	367,351
Very Large (6" and up)	312,360	0	312,360
Total	4,538,921	0	4,538,921
Wholesale			
Cumberland	548,162	0	548,162
Seekonk	0	0	0
Total	548,162	0	548,162

Miles of Mains

Size	Miles	Inch-Miles	
2	1.29	2.6	
4	1.50	6.0	
6	113.08	678.5	
8	77.97	623.8	
10	1.78	17.8	
12	45.76	549.1	80.7%
16	4.24	67.8	
20	9.13	182.6	
24	6.06	145.4	
30	0.10	3.0	
36	0.35	12.6	
48	0.04	1.9	
54	0.65	35.1	19.3%
Totals		2,326	

Variations in Historic Water Sales (hcf/year)

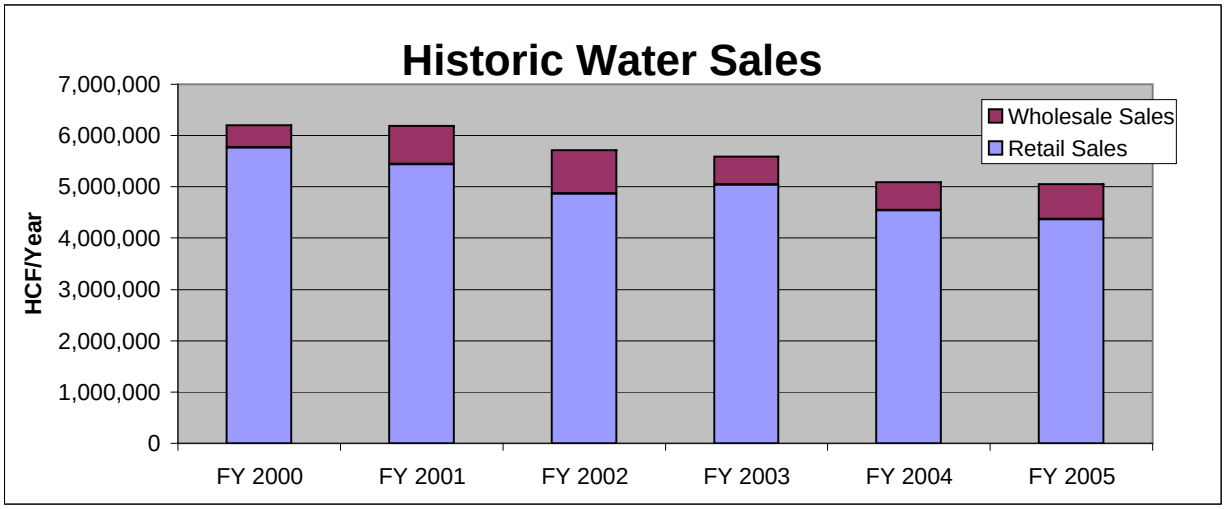
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	6 Yr. Avg
Retail Sales	5,758,813	5,443,371	4,864,720	5,042,979	4,538,921	4,366,587	5,002,565
Wholesale Sales	443,892	741,077	845,377	545,224	548,162	686,462	635,032
Total	6,202,705	6,184,448	5,710,097	5,588,203	5,087,083	5,053,049	5,754,507
Percent Variation from 6 Year Average							
Retail Sales	15.1%	8.8%	-2.8%	0.8%	-9.3%	-12.7%	
Wholesale Sales	-30.1%	16.7%	33.1%	-14.1%	-13.7%	8.1%	
Total Sales	7.8%	7.5%	-0.8%	-2.9%	-11.6%	-12.2%	

Division Position on Sales		Actual FY 05	Variation
Residential & Small Commercial (1)	3,269,301		
Large Industrial (2)	1,443,090		
Total Retail	4,712,391	4,366,587	7.9%
Wholesale (3)	612,969	686,462	-10.7%
Total Sales	5,325,360	5,053,049	5.4%

(1) ACC-2, ACC-3
(2) same as PWSB - Crane Testimony page 13
(3) ACC-4

Docket No. 3497 Initial Positions on Sales vs. Actua

	Division	PWSB	Actual FY 04
Retail Sales	4,905,276	4,864,720	4,538,921
Wholesale Sales	712,834	630,530	548,162
Total Sales	5,618,110	5,495,250	5,087,083
Diff from Actual	10.4%	8.0%	



UNITS OF SERVICE - DEMAND FACTORS

	BASE			MAXIMUM DAY			PEAK HOUR		Equivalent	
Inside - Retail	Annual Use ccf/year	Average Day ccf/day	Demand Factor	Maximum Day ccf/day	Extra Capacity ccf/day	Demand Factor	Maximum Hou ccf/day	Extra Capacity ccf/day	Meters & Services	Bills
Small (5/8 - 1")	3,095,831	8,482	2.50	21,204	12,723	3.50	29,686	8,482	22,558	88,100
Medium (1.5 - 2" & By pa	763,379	2,091	2.00	4,183	2,091	3.00	6,274	2,091	3,086	2,824
Large (3" and up)	679,711	1,862	1.80	3,352	1,490	2.50	4,656	1,304	611	452
Fire Protection	6,000 gal/min for 6 hours per Docket 3193			2,888	2,888		481	481		493
Wholesale										
Cumberland	548,162	1,502	2.50	3,755	2,253	3.50	5,256	1,502		
Seekonk	0	0	2.50	0	0	3.50	0	0		
Totals	5,087,083	13,937		35,381	21,444		46,354	13,860	26,254	91,869

ALLOCATION OF RATE YEAR EXPENSES TO COST COMPONENTS

EXPENSE ITEM	PRO FORMA EXPENSE	ALLOC. SYMBOL (1)	BASE	MAX. DAY	PEAK HOUR	METERING	BILLING	DIRECT FIRE
ADMINISTRATION								
Admin Salaries	$599,450	L	$171,043	$71,593	$51,993	$176,887	$39,772	$88,162
Admin Overtime	$7,952	L	$2,269	$950	$690	$2,346	$528	$1,169
Police Payroll	$19,334	L	$5,517	$2,309	$1,677	$5,705	$1,283	$2,843
Out of Class Pay	$0	L	$0	$0	$0	$0	$0	$0
Admin. Longevity	$27,832	L	$7,941	$3,324	$2,414	$8,213	$1,847	$4,093
Admin. Vacation & Sick Pay	$0	L	$0	$0	$0	$0	$0	$0
FICA Payroll Tax	$37,595	L	$10,727	$4,490	$3,261	$11,094	$2,494	$5,529
Medicare Payroll Tax	$9,211	L	$2,628	$1,100	$799	$2,718	$611	$1,355
Health/Dental Benefits	$724,100	L	$206,609	$86,480	$62,804	$213,669	$48,043	$106,495
MERS Contribution	$32,975	L	$9,409	$3,938	$2,860	$9,730	$2,188	$4,850
Education & Training	$14,850	E	$8,239	$2,340	$826	$1,899	$514	$1,032
Outside Services	$120,628	E	$66,923	$19,008	$6,711	$15,428	$4,176	$8,382
Pagers/Cell Phones	$18,044	E	$10,010	$2,843	$1,004	$2,308	$625	$1,254
Maint. of Gen'l Plant	$19,629	E	$10,890	$3,093	$1,092	$2,510	$680	$1,364
Repairs & Main/water plant	$1,666	E	$924	$263	$93	$213	$58	$116
Telephone	$13,472	E	$7,474	$2,123	$749	$1,723	$466	$936
Heating Fuel	$22,313	E	$12,379	$3,516	$1,241	$2,854	$773	$1,550
Other Utilities	$2,667	E	$1,479	$420	$148	$341	$92	$185
Unemployment Insurance	$4,584	L	$1,308	$547	$398	$1,353	$304	$674
Workers Compensation	$98,323	L	$28,055	$11,743	$8,528	$29,013	$6,524	$14,461
Property Insurance	$139,851	P	$76,043	$34,115	$18,951	$9,018	$110	$1,613
Advertising/Classified	$10,094	E	$5,600	$1,591	$562	$1,291	$349	$701
Printing	$8,582	E	$4,761	$1,352	$477	$1,098	$297	$596
Dues & Subscriptions	$19,834	E	$11,004	$3,125	$1,103	$2,537	$687	$1,378
Office Supplies/Other	$18,560	E	$10,297	$2,925	$1,033	$2,374	$643	$1,290
Postage	$13,000	E	$7,212	$2,049	$723	$1,663	$450	$903
Housekeeping Supplies	$8,274	E	$4,590	$1,304	$460	$1,058	$286	$575
Municipal Charges	$144,926	E	$80,403	$22,837	$8,062	$18,535	$5,018	$10,070
Capitalized Materials	$48,142	E	$26,709	$7,586	$2,678	$6,157	$1,667	$3,345
Materials & Supplies	$1,832	E	$1,016	$289	$102	$234	$63	$127
Bad Debt Expense	$0	E	$0	$0	$0	$0	$0	$0
Damage Claims	$7,976	E	$4,425	$1,257	$444	$1,020	$276	$554
Bond Trustee Fees	$13,000	P	$7,069	$3,171	$1,762	$838	$10	$150
Cent Falls Franch. Fee/Purcl	$172,831	C	$125,956	$30,490	$16,385	$0	$0	$0
Regulatory Comm. Expense	$173,333	E	$96,163	$27,314	$9,643	$22,168	$6,001	$12,044
Other Miscellaneous	$10,511	E	$5,831	$1,656	$585	$1,344	$364	$730
Subtotal - Admin	$2,565,371		$1,030,906	$361,141	$210,257	$557,339	$127,198	$278,530
CUSTOMER SERVICE								
Payroll	$135,161	B	$0	$0	$0	$0	$135,161	$0
Overtime	$2,514	B	$0	$0	$0	$0	$2,514	$0
Out of Class Pay	$627	B	$0	$0	$0	$0	$627	$0
Longevity	$6,888	B	$0	$0	$0	$0	$6,888	$0
Vacation & Sick Time	$0	B	$0	$0	$0	$0	$0	$0
FICA	$9,002	B	$0	$0	$0	$0	$9,002	$0
Medicare	$2,105	B	$0	$0	$0	$0	$2,105	$0
MERS Contribution	$7,731	B	$0	$0	$0	$0	$7,731	$0
Education & Training	$3,075	B	$0	$0	$0	$0	$3,075	$0
Outside Services	$16,907	B	$0	$0	$0	$0	$16,907	$0
Vehicle Maint - Fuel & Misc.	$2,101	B	$0	$0	$0	$0	$2,101	$0
Main. of Misc Equipment	$1,262	B	$0	$0	$0	$0	$1,262	$0
Telephone	$1,369	B	$0	$0	$0	$0	$1,369	$0
Other Utilities	$0	B	$0	$0	$0	$0	$0	$0
Printing	$17,128	B	$0	$0	$0	$0	$17,128	$0
Dues & Subscriptions	$0	B	$0	$0	$0	$0	$0	$0
Postage	$27,486	B	$0	$0	$0	$0	$27,486	$0
Miscellaneous Supplies	$138	B	$0	$0	$0	$0	$138	$0
Other Misc.	$1,890	B	$0	$0	$0	$0	$1,890	$0
Subtotal - Customer Accts	$235,384		$0	$0	$0	$0	$235,384	$0

ALLOCATION OF RATE YEAR EXPENSES TO COST COMPONENTS

EXPENSE ITEM	PRO FORMA EXPENSE	ALLOC. SYMBOL (1)	BASE	MAX. DAY	PEAK HOUR	METERING	BILLING	DIRECT FIRE
SOURCE OF SUPPLY								
Salaries	$145,624	A	$145,624	$0	$0	$0	$0	$0
Overtime	$0	A	$0	$0	$0	$0	$0	$0
Source of Supply Beeper	$2,175	A	$2,175	$0	$0	$0	$0	$0
Longevity	$12,299	A	$12,299	$0	$0	$0	$0	$0
Vacation & Sick Time	$0	A	$0	$0	$0	$0	$0	$0
FICA	$9,926	A	$9,926	$0	$0	$0	$0	$0
Medicare Payroll Tax	$2,321	A	$2,321	$0	$0	$0	$0	$0
MERS Contribution	$8,113	A	$8,113	$0	$0	$0	$0	$0
Education Training	$2,000	A	$2,000	$0	$0	$0	$0	$0
Security Services	$66,060	A	$66,060	$0	$0	$0	$0	$0
Vehicle Maint - Fuel & Misc.	$2,000	A	$2,000	$0	$0	$0	$0	$0
Maint of Structures	$7,010	A	$7,010	$0	$0	$0	$0	$0
Maint - Collection Reservoirs	$130,500	A	$130,500	$0	$0	$0	$0	$0
Maint - Wells	$0	A	$0	$0	$0	$0	$0	$0
Maint - Misc. Plant	$1,000	A	$1,000	$0	$0	$0	$0	$0
Maint - Wells & Springs	$0	A	$0	$0	$0	$0	$0	$0
Light & Power	$28,290	A	$28,290	$0	$0	$0	$0	$0
Other Utilities	$0	A	$0	$0	$0	$0	$0	$0
Materials & Supplies	$6,739	A	$6,739	$0	$0	$0	$0	$0
Property Tax	$702,828	A	$702,828	$0	$0	$0	$0	$0
Miscellaneous	$7,152	A	$7,152	$0	$0	$0	$0	$0
Subtotal - Supply	$1,134,038		$1,134,038	$0	$0	$0	$0	$0
PUMPING								
Salaries	$0	D	$0	$0	$0	$0	$0	$0
Overtime	$0	D	$0	$0	$0	$0	$0	$0
Longevity	$0	D	$0	$0	$0	$0	$0	$0
Vacation & Sick Time	$0	D	$0	$0	$0	$0	$0	$0
FICA	$0	D	$0	$0	$0	$0	$0	$0
Medicare Payroll Tax	$0	D	$0	$0	$0	$0	$0	$0
MERS Contribution	$0	D	$0	$0	$0	$0	$0	$0
Telephone	$0	D	$0	$0	$0	$0	$0	$0
Heating	$0	D	$0	$0	$0	$0	$0	$0
Purchased Power	$564,045	A	$564,045	$0	$0	$0	$0	$0
Depreciation	$0	D	$0	$0	$0	$0	$0	$0
Property Tax	$25,641	D	$16,258	$9,383	$0	$0	$0	$0
Miscellaneous	$0	D	$0	$0	$0	$0	$0	$0
Subtotal - Pumping	$589,685		$580,303	$9,383	$0	$0	$0	$0
PURIFICATION								
DBO O&M Contract	$1,559,852	D	$989,044	$570,807	$0	$0	$0	$0
Overtime	$0	D	$0	$0	$0	$0	$0	$0
Out of Class Pay	$0	D	$0	$0	$0	$0	$0	$0
Beeper Stipend	$0	D	$0	$0	$0	$0	$0	$0
Longevity	$0	D	$0	$0	$0	$0	$0	$0
Vacation & Sick Time	$0	D	$0	$0	$0	$0	$0	$0
FICA	$0	D	$0	$0	$0	$0	$0	$0
Medicare	$0	D	$0	$0	$0	$0	$0	$0
MERS Contribution	$0	D	$0	$0	$0	$0	$0	$0
Education & Training	$0	D	$0	$0	$0	$0	$0	$0
Lab Testing	$0	A	$0	$0	$0	$0	$0	$0
Vehicle Maint - Tires	$0	D	$0	$0	$0	$0	$0	$0
Vehicle Maint - Batteries	$0	D	$0	$0	$0	$0	$0	$0
Vehicle Maint - Outside Parts	$0	D	$0	$0	$0	$0	$0	$0
Vehicle Maint - Fuel & Misc	$0	D	$0	$0	$0	$0	$0	$0
Maint - Structures	$0	D	$0	$0	$0	$0	$0	$0
Maint - Distrib. Reservoirs	$0	D	$0	$0	$0	$0	$0	$0
Maint - Wells	$0	D	$0	$0	$0	$0	$0	$0
Maint - Equipment	$0	D	$0	$0	$0	$0	$0	$0
Maint - Facilities	$0	D	$0	$0	$0	$0	$0	$0
Telephone	$0	D	$0	$0	$0	$0	$0	$0
Light & Power	$210,263	A	$210,263	$0	$0	$0	$0	$0
Heating	$0	D	$0	$0	$0	$0	$0	$0
Other Utilities	$0	D	$0	$0	$0	$0	$0	$0
Advertising/Classified	$0	D	$0	$0	$0	$0	$0	$0
Dues & Subscriptions	$0	D	$0	$0	$0	$0	$0	$0

ALLOCATION OF RATE YEAR EXPENSES TO COST COMPONENTS

EXPENSE ITEM	PRO FORMA EXPENSE	ALLOC. SYMBOL (1)	BASE	MAX. DAY	PEAK HOUR	METERING	BILLING	DIRECT FIRE
Property Tax	$52,438	D	$33,249	$19,189	$0	$0	$0	$0
Other Miscellaneous	$0	D	$0	$0	$0	$0	$0	$0
Subtotal - Purification	$1,822,553		$1,232,557	$589,996	$0	$0	$0	$0
TRANSMISSION & DISTRIBUTION								
Payroll	$903,347	O	$202,892	$135,412	$113,370	$180,669	$0	$271,004
Overtime	$98,362	O	$22,092	$14,744	$12,344	$19,672	$0	$29,509
Out of Class Pay	$2,091	O	$470	$313	$262	$418	$0	$627
Beeper Stipend	$7,611	O	$1,709	$1,141	$955	$1,522	$0	$2,283
Longevity	$55,191	O	$12,396	$8,273	$6,926	$11,038	$0	$16,557
Vacation & Sick Time	$54,298	O	$12,195	$8,139	$6,814	$10,860	$0	$16,289
FICA	$65,009	O	$14,601	$9,745	$8,159	$13,002	$0	$19,503
Medicare	$16,253	O	$3,650	$2,436	$2,040	$3,251	$0	$4,876
MERS Contribution	$50,537	O	$11,351	$7,575	$6,342	$10,107	$0	$15,161
Education & Training	$7,237	O	$1,625	$1,085	$908	$1,447	$0	$2,171
Vehicle Maint-Registration	$102	O	$23	$15	$13	$20	$0	$31
Vehicle Maint - Inspection	$653	O	$147	$98	$82	$131	$0	$196
Vehicle Maint - Tires	$935	O	$210	$140	$117	$187	$0	$280
Vehicle Maint - Batteries	$0	O	$0	$0	$0	$0	$0	$0
Vehicle Maint - Outside Parts	$33,656	O	$7,559	$5,045	$4,224	$6,731	$0	$10,097
Vehicle Maint - Fuel & Misc	$18,707	O	$4,202	$2,804	$2,348	$3,741	$0	$5,612
Maint - Misc Plant	$2,967	O	$666	$445	$372	$593	$0	$890
Maint - T&D Mains	$20,786	T	$9,633	$5,560	$5,593	$0	$0	$0
Maint - Services	$11,940	M	$0	$0	$0	$11,940	$0	$0
Maint - Hydrants	$4,525	F	$0	$0	$0	$0	$0	$4,525
Telephone	$2,053	O	$461	$308	$258	$411	$0	$616
Advertising & Classified	$1,567	O	$352	$235	$197	$313	$0	$470
Dues & Subscriptions	$32	O	$7	$5	$4	$6	$0	$10
Postage	-$526	O	-$118	-$79	-$66	-$105	$0	-$158
Capitalized Materials	$0	O	$0	$0	$0	$0	$0	$0
Misc. Tools & Supplies/Inven	$46,634	O	$10,474	$6,990	$5,853	$9,327	$0	$13,990
Inventory Water Material	$5,748	O	$1,291	$862	$721	$1,150	$0	$1,725
Road Surface Restoration	$0	O	$0	$0	$0	$0	$0	$0
Other Misc Supplies	$928	O	$208	$139	$116	$186	$0	$278
Central Falls System Operati	$398,667	T	$184,765	$106,634	$107,268	$0	$0	$0
Property Tax	$137,514	O	$30,886	$20,613	$17,258	$27,503	$0	$41,254
Other Miscellaneous	$30,972	O	$6,956	$4,643	$3,887	$6,194	$0	$9,291
Subtotal - T&D	$1,977,793		$540,704	$343,321	$306,366	$320,315	$0	$467,088
ENGINEERING								
Payroll	$392,131	P	$213,220	$95,655	$53,138	$25,287	$308	$4,523
Overtime	$5,687	P	$3,092	$1,387	$771	$367	$4	$66
Out of Class Pay	$1,965	P	$1,069	$479	$266	$127	$2	$23
Beeper Stipend	$0	P	$0	$0	$0	$0	$0	$0
Longevity	$23,309	P	$12,674	$5,686	$3,159	$1,503	$18	$269
Vacation & Sick Time	$6,395	P	$3,477	$1,560	$867	$412	$5	$74
FICA	$26,628	P	$14,479	$6,496	$3,608	$1,717	$21	$307
Medicare	$6,228	P	$3,386	$1,519	$844	$402	$5	$72
MERS Contribution	$22,654	P	$12,318	$5,526	$3,070	$1,461	$18	$261
Education & Training	$3,690	P	$2,006	$900	$500	$238	$3	$43
Vehicle Maint-Registration	$60	P	$32	$15	$8	$4	$0	$1
Vehicle Maint - Inspec	$81	P	$44	$20	$11	$5	$0	$1
Vehicle Maint - Tires	$481	P	$261	$117	$65	$31	$0	$6
Vehicle Maint - Batteries	$0	P	$0	$0	$0	$0	$0	$0
Vehicle Maint - Outside Parts	$2,171	P	$1,180	$529	$294	$140	$2	$25
Vehicle Maint - Fuel & Misc	$5,758	P	$3,131	$1,405	$780	$371	$5	$66
Maint - Misc Equipment	$157	P	$85	$38	$21	$10	$0	$2
Telephone	$3,422	P	$1,861	$835	$464	$221	$3	$39
Advertising and Classifieds	$599	P	$326	$146	$81	$39	$0	$7
Printing	$0	P	$0	$0	$0	$0	$0	$0
Dues & Subscriptions	$37	P	$20	$9	$5	$2	$0	$0
Office Supplies & Other	$20,642	P	$11,224	$5,035	$2,797	$1,331	$16	$238
Postage	$0	P	$0	$0	$0	$0	$0	$0
Capitalized Materials	$98	P	$53	$24	$13	$6	$0	$1
Other Misc. Expense	$3,379	P	$1,837	$824	$458	$218	$3	$39
Miscellaneous Expense	$9,612	P	$5,226	$2,345	$1,303	$620	$8	$111
Subtotal - Engineering	$535,183		$291,004	$130,551	$72,523	$34,512	$420	$6,173

ALLOCATION OF RATE YEAR EXPENSES TO COST COMPONENTS

EXPENSE ITEM	PRO FORMA EXPENSE	ALLOC. SYMBOL (1)	BASE	MAX. DAY	PEAK HOUR	METERING	BILLING	DIRECT FIRE
METER DEPARTMENT								
Payroll	$386,422	M	$0	$0	$0	$386,422	$0	$0
Overtime	$1,283	M	$0	$0	$0	$1,283	$0	$0
Out of Class Pay	$314	M	$0	$0	$0	$314	$0	$0
Beeper Stipend	$1,359	M	$0	$0	$0	$1,359	$0	$0
Longevity	$20,110	M	$0	$0	$0	$20,110	$0	$0
Vacation & Sick Time	$0	M	$0	$0	$0	$0	$0	$0
FICA	$25,388	M	$0	$0	$0	$25,388	$0	$0
Medicare	$5,938	M	$0	$0	$0	$5,938	$0	$0
MERS Contribution	$21,447	M	$0	$0	$0	$21,447	$0	$0
Education & Training	$682	M	$0	$0	$0	$682	$0	$0
Vehicle Maint - Inspec	$9	M	$0	$0	$0	$9	$0	$0
Vehicle Maint - Batteries	$0	M	$0	$0	$0	$0	$0	$0
Vehicle Maint - Tires	$108	M	$0	$0	$0	$108	$0	$0
Vehicle Maint - Outside Parts	$1,764	M	$0	$0	$0	$1,764	$0	$0
Vehicle Maint - Fuel & Misc	$7,387	M	$0	$0	$0	$7,387	$0	$0
Maint - Misc Equipment	$3,209	M	$0	$0	$0	$3,209	$0	$0
Maint - Meters	$899	M	$0	$0	$0	$899	$0	$0
Telephone	$1,597	M	$0	$0	$0	$1,597	$0	$0
Advertising & Classified	$0	M	$0	$0	$0	$0	$0	$0
Travel	$1,653	M	$0	$0	$0	$1,653	$0	$0
Supplies	$2,918	M	$0	$0	$0	$2,918	$0	$0
Postage	$0	M	$0	$0	$0	$0	$0	$0
Capitalized Materials	$0	M	$0	$0	$0	$0	$0	$0
Merchandising & Jobbing	$27,722	M	$0	$0	$0	$27,722	$0	$0
Meter Maint. Expense	$0	M	$0	$0	$0	$0	$0	$0
Meter Reading Expense	$5,176	M	$0	$0	$0	$5,176	$0	$0
Meter Inventory	$721	M	$0	$0	$0	$721	$0	$0
Other Misc, Expense	$145	M	$0	$0	$0	$145	$0	$0
Subtotal - Meter Department	$516,249		$0	$0	$0	$516,249	$0	$0
TOTAL O&M	$9,376,256	I	$4,809,511	$1,434,392	$589,146	$1,428,415	$363,002	$751,790
CAPITAL EXPENSE								
PBA Misc. Exp.	$0	P	$0	$0	$0	$0	$0	$0
CWFA Fees	$0	P	$0	$0	$0	$0	$0	$0
Restrict. Bond Principal & Int	$5,736,014	P	$3,118,940	$1,399,225	$777,294	$369,896	$4,499	$66,160
Lease Principal	$135,729	P	$73,802	$33,109	$18,393	$8,753	$106	$1,566
Lease Interest	$15,233	P	$8,283	$3,716	$2,064	$982	$12	$176
Capitalized Labor	$0	P	$0	$0	$0	$0	$0	$0
Capitalized Material & Supply	$0	P	$0	$0	$0	$0	$0	$0
IFR	$3,100,000	A	$3,100,000	$0	$0	$0	$0	$0
WRB - Settlement	$0	P	$0	$0	$0	$0	$0	$0
Cent Falls Franch. Fee Settl	$0	C	$0	$0	$0	$0	$0	$0
Lead Pipe Replacement	$0	T	$0	$0	$0	$0	$0	$0
T&D Replacement	$0	T	$0	$0	$0	$0	$0	$0
Rate Stabiliz/Capital Program	$0	A	$0	$0	$0	$0	$0	$0
O&M Reserve Deposit	$131,201	E	$72,789	$20,675	$7,299	$16,780	$4,542	$9,117
R & R Reserve Deposit	$0	P	$0	$0	$0	$0	$0	$0
WTP Reserve	$389,000	D	$246,651	$142,349	$0	$0	$0	$0
Subtotal - Capital	$9,507,178		$6,620,465	$1,599,075	$805,049	$396,411	$9,160	$77,018
TOTAL EXPENSES	$18,883,434		$11,429,976	$3,033,466	$1,394,195	$1,824,826	$372,162	$828,808
PLUS: OPERATING INCOM	$944,172	I	$484,309	$144,441	$59,326	$143,839	$36,554	$75,704
LESS: Service Instal Revenu	-$106,352	M	$0	$0	$0	-$106,352	$0	$0
LESS: State Surcharge Reve	-$64,364	A	-$64,364	$0	$0	$0	$0	$0
LESS: MISC. REVENUES	-$132,509	I	-$67,970	-$20,271	-$8,326	-$20,187	-$5,130	-$10,625
REQUIRED FROM RATES	$19,524,380		$11,781,951	$3,157,636	$1,445,195	$1,842,126	$403,585	$893,888

ALLOCATION OF PROJECTED PLANT IN SERVICE TO COST COMPONENTS

EXPENSE ITEM	PROJECTED PLANT *	ALLOC. SYMBOL (1)	BASE	MAX. DAY	PEAK HOUR	METERING	BILLING	DIRECT FIRE
SOURCE OF SUPPLY								
Land & Land Rights	$4,050,849	A	$4,050,849	$0	$0	$0	$0	$0
Structures & Improvements	$16,499,969	A	$16,499,969	$0	$0	$0	$0	$0
Wells & Springs	$726,712	A	$726,712	$0	$0	$0	$0	$0
PUMPING								
Land & Land Rights	$30,133	D	$19,106	$11,027	$0	$0	$0	$0
Structures & Improvements	$937,301	D	$594,308	$342,993	$0	$0	$0	$0
Electric Pumping Equipment	$1,566,482	D	$993,248	$573,233	$0	$0	$0	$0
PURIFICATION								
Land & Land Rights	$26,046	D	$16,515	$9,531	$0	$0	$0	$0
Structures & Improvements	$51,603,859	D	$32,720,100	$18,883,759	$0	$0	$0	$0
Purification Equipment	$635,768	D	$403,117	$232,651	$0	$0	$0	$0
CWIP - Purif Plant	$71,584	D	$45,389	$26,195	$0	$0	$0	$0
TRANSM & DISTRIBUTION								
Land & Land Rights	$1,590	H	$672	$388	$530	$0	$0	$0
Distribution Reservoirs	$1,893,080	H	$800,221	$461,832	$631,027	$0	$0	$0
Transmission Mains	$17,465,935	D	$11,074,504	$6,391,431	$0	$0	$0	$0
Distribution mains	$73,124,828	H	$30,910,500	$17,839,385	$24,374,943	$0	$0	$0
Fire Mains	$0	F	$0	$0	$0	$0	$0	$0
Services	$7,912,417	M	$0	$0	$0	$7,912,417	$0	$0
Meters	$3,559,586	M	$0	$0	$0	$3,559,586	$0	$0
Hydrants	$1,855,210	F	$0	$0	$0	$0	$0	$1,855,210
GENERAL								
Miscellaneous Equipment	$141,833	E	$78,687	$22,350	$7,890	$18,140	$4,910	$9,855
Structures & improvements	$2,152,888	E	$1,194,399	$339,249	$119,765	$275,343	$74,536	$149,595
Office Furniture & Improvem	$512,614	E	$284,393	$80,777	$28,517	$65,561	$17,748	$35,619
Transportation Equipment	$1,209,691	E	$671,124	$190,622	$67,295	$154,713	$41,881	$84,057
Stores Equipment	$7,525	E	$4,175	$1,186	$419	$962	$261	$523
Tools & Shop Equipment	$41,651	E	$23,108	$6,563	$2,317	$5,327	$1,442	$2,894
Laboratory Equipment	$85,723	A	$85,723	$0	$0	$0	$0	$0
Power Operated Equipment	$50,343	E	$27,930	$7,933	$2,801	$6,439	$1,743	$3,498
Communication Equipment	$103,470	E	$57,404	$16,305	$5,756	$13,233	$3,582	$7,190
TOTAL PLANT	$186,267,087		$101,282,152	$45,437,411	$25,241,259	$12,011,720	$146,104	$2,148,442
PERCENT		P	54.37%	24.39%	13.55%	6.45%	0.08%	1.15%
	$0							

Note: Projected Plant = Test Year Net Plant plus proposed Treatment Plant and Distribution Improvements

ALLOCATION OF NON-ADMINISTRATIVE LABOR COSTS TO COST COMPONENTS

EXPENSE ITEM	PRO FORMA AMOUNT	ALLOC. SYMBOL (1)	BASE	MAX. DAY	PEAK HOUR	METERING	BILLING	DIRECT FIRE
CUSTOMER SERVICE								
Payroll	$135,161	B	$0	$0	$0	$0	$135,161	$0
Overtime	$2,514	B	$0	$0	$0	$0	$2,514	$0
Out of Class Pay	$627	B	$0	$0	$0	$0	$627	$0
Longevity	$6,888	B	$0	$0	$0	$0	$6,888	$0
SOURCE OF SUPPLY								
Salaries	$145,624	A	$145,624	$0	$0	$0	$0	$0
Overtime	$0	A	$0	$0	$0	$0	$0	$0
Longevity	$12,299	A	$12,299	$0	$0	$0	$0	$0
TRANSMISSION & DISTRIBUTION								
Payroll	$903,347	O	$202,892	$135,412	$113,370	$180,669	$0	$271,004
Overtime	$98,362	O	$22,092	$14,744	$12,344	$19,672	$0	$29,509
Out of Class Pay	$2,091	O	$470	$313	$262	$418	$0	$627
Longevity	$55,191	O	$12,396	$8,273	$6,926	$11,038	$0	$16,557
ENGINEERING								
Payroll	$392,131	P	$213,220	$95,655	$53,138	$25,287	$308	$4,523
Overtime	$5,687	P	$3,092	$1,387	$771	$367	$4	$66
Out of Class Pay	$1,965	P	$1,069	$479	$266	$127	$2	$23
Longevity	$23,309	P	$12,674	$5,686	$3,159	$1,503	$18	$269
METER DEPARTMENT								
Payroll	$386,422	M	$0	$0	$0	$386,422	$0	$0
Overtime	$1,283	M	$0	$0	$0	$1,283	$0	$0
Out of Class Pay	$314	M	$0	$0	$0	$314	$0	$0
Longevity	$20,110	M	$0	$0	$0	$20,110	$0	$0
TOTALS	$2,193,326		$625,828	$261,951	$190,237	$647,210	$145,523	$322,577
PERCENT		L	28.5%	11.9%	8.7%	29.5%	6.6%	14.7%

ALLOCATION TO FIRE, WHOLESALE & RETAIL SERVICE

UNITS OF SERVICE	TOTAL	BASE	MAX. DAY	PEAK HOUR	METERING	BILLING	DIRECT FIRE
Number		5,087,083	21,444	13,860	26,254	91,869	1,912
Units		ccf/yr	ccf/day	ccf/day	equiv meters	bills	hydrants
Revenue Requirements	$19,524,380	$11,781,951	$3,157,636	$1,445,195	$1,842,126	$403,585	$893,888
Allocation to Fire Protection	$1,428,192	$58,910	$425,210	$50,184	included in calculation		$893,888
Allocation to Wholesale *	$1,392,752	$1,186,516	$181,839	$24,397			
Net To Retail Metered Rates	$16,703,436	$10,536,526	$2,550,587	$1,370,613	$1,842,126	$403,585	$0

* Allocation to wholesale based on:

BASE

Total Sales (ccf)	5,087,083	
Plus Unacctd For (7%)	356,096	
Total Production	5,443,179	
Wholesale Sales	548,162	
Percent	10.07%	
Wholesale Allocation	$1,186,516	

MAX DAY

Total Max Day Allocation	$3,157,636	
Less: Distribution Costs		
80.7% of T&D	-$277,128	
80.7% of Engineering	-$105,381	
Admin Share	-$96,305	25.2%
Capital Items	-$947,852	59.28% (Less Distribution Mains & Gen'l Items allocated to Max Day)
Total Net of Distribution	$1,730,969	
Wholesale Max Day %	10.51%	See Sch. 2.2
Wholesale Allocation	$181,839	

PEAK HOUR

Total Peak Hour Allocation	$1,445,195	
Less: Distribution Costs		
80.7% of T&D	-$247,299	
80.7% of Engineering	-$58,541	
Admin Share	-$109,149	35.7%
Capital Items	-$805,049	100.00%
Total Net of Distribution	$225,157	
Wholesale Peak Hr %	10.84%	See Sch. 2.2
Wholesale Allocation	$24,397	

ALLOCATION SYMBOLS

	ALLOCATION SYMBOL	BASE	MAX. DAY	PEAK HOUR	METERING	BILLING	DIRECT FIRE	
100.00%	A	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Supply & Treatmen
100.00%	B	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	Billing
100.00%	C	72.88%	17.64%	9.48%	0.00%	0.00%	0.00%	Central Falls Franchise Fe
100.00%	D	63.41%	36.59%	0.00%	0.00%	0.00%	0.00%	Max Day Demanc
100.00%	E	55.48%	15.76%	5.56%	12.79%	3.46%	6.95%	O&M less A&G
100.00%	F	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	Fire Service
100.00%	H	42.27%	24.40%	33.33%	0.00%	0.00%	0.00%	Max Hour Demanc
100.00%	I	51.29%	15.30%	6.28%	15.23%	3.87%	8.02%	Total O&M
100.00%	L	28.53%	11.94%	8.67%	29.51%	6.63%	14.71%	Labor
100.00%	M	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	Meters
100.00%	O	22.46%	14.99%	12.55%	20.00%	0.00%	30.00%	Mains, Hydrants & Service
100.00%	P	54.37%	24.39%	13.55%	6.45%	0.08%	1.15%	Plant
100.00%	T	46.35%	26.75%	26.91%	0.00%	0.00%	0.00%	T&D Mains

Symbol D

	MGD	%
Avg Day	12.746	63.41%
Max Day Inc	7.356	36.59%
Total Max Day	20.101	100.00%

Symbol E

	Total	BASE	MAX. DAY	PEAK HOUR	METERING	BILLING	DIRECT FIRE
Amount	$6,810,885	$3,778,605	$1,073,251	$378,889	$871,076	$235,804	$473,261
Percent	E	55.5%	15.8%	5.6%	12.8%	3.5%	6.9%

Symbol H

	MGD	%
Avg Day	12.746	42.27%
Max Day Inc	7.356	24.40%
Peak Hour Inc	10.051	33.33%
Total Peak Hour	30.152	100.00%

	FY 00	FY 01	FY 02	FY 03	FY 04	Average	
Avg Day mgd)	13.122	13.389	13.035	11.954	12.229	12.75	17,582
Max Day (mgd)	21.357	21.085	21.395	17.583	19.087	20.10	29,316
Max Hour (mgd)	36.00	33.28	25.03	18.96	26.09	27.87	
	1.7	1.6	1.2	1.1	1.4	1.38	

Symbol O Per Settlement in Docket No. 3373

	% of Time	BASE	MAX. DAY	PEAK HOUR	METERING	BILLING	DIRECT FIRE
Mains	50.00%	22.46%	14.99%	12.55%	0.00%	0.00%	0.00%
Hydrants	30.00%	0.00%	0.00%	0.00%	0.00%	0.00%	30.00%
Services	20.00%	0.00%	0.00%	0.00%	20.00%	0.00%	0.00%
Total	100.0%	22.5%	15.0%	12.6%	20.0%	0.0%	30.0%

Symbol T

	Plant Amt.	BASE	MAX. DAY	PEAK HOUR	METERING	BILLING	DIRECT FIRE
Transmission	$17,465,935	$11,074,504	$6,391,431	$0	$0	$0	$0
Distribution	$73,124,828	$30,910,500	$17,839,385	$24,374,943	$0	$0	$0
Total	$90,590,764	$41,985,005	$24,230,816	$24,374,943	$0	$0	$0
		46.35%	26.75%	26.91%	0.00%	0.00%	0.00%

FIRE SERVICE CHARGES

PUBLIC FIRE SERVICE

Annual Charge/Hydrant = $682.97

PRIVATE FIRE SERVICE

SERVICE SIZE (inches)	ANNUAL CHARGE
2	$185.97
4	$527.77
6	$893.66
8	$1,426.13
10	$1,792.69
12	$2,300.73

ALLOCATION OF FIRE SERVICE EXPENSES
TO PUBLIC AND PRIVATE FIRE SERVICE

	NUMBER	DEMAND FACTOR (1)	NO. OF EQUIVS.	PERCENT OF DEMAND	NON-HYDR. REQUIRED	DIRECT HYDRANT	TOTAL
PUBLIC FIRE SERVICE							
Hydrants	1,912	111.31	212,826.5	77.10%	$411,957	$893,888	$1,305,845
PRIVATE FIRE SERVICE							
SIZE (IN)							
2	18	6.19	111.4				
4	29	38.32	1,111.3				
6	354	111.31	39,404.1				
8	88	237.21	20,874.2				
10	4	426.58	1,706.3				
12	0	689.04	0.0				
TOTAL-PRIV.	493		63,207.2	22.90%	$122,347	$0	$122,347
GRAND TOTALS	2,405		276,033.7	100.00%	$534,304	$893,888	$1,428,192

Total Fire Allocation	$1,428,192
Less Direct Fire	$893,888
Net Non-Hydrant	$534,304

(1) Based on size to the 2.63 power.

DETERMINATION OF FIRE SERVICE CHARGES

PUBLIC FIRE PROTECTION			CALCULATED CHARGE
PUBLIC FIRE ALLOCATION (1)		$1,305,845	
----------	=	---------- =	$682.97 per year
NUMBER OF PUBLIC HYDRANTS		1,912	

PRIVATE FIRE PROTECTION

PRIVATE FIRE ALLOCATION (1,2)		$122,347	
----------	=	--------- =	$1.94 /EQUIV.
NO. OF EQUIV. UNITS		63,207.25	

SIZE (IN)	DEMAND FACTOR	DEMAND CHARGE	SERVICE LINE CHRG	BILLING CHARGE	CALCULATED CHARGE
2	6.19	$11.98	$169.60	$4.39	$185.97
4	38.32	$74.17	$449.21	$4.39	$527.77
6	111.31	$215.46	$673.81	$4.39	$893.66
8	237.21	$459.15	$962.59	$4.39	$1,426.13
10	426.58	$825.71	$962.59	$4.39	$1,792.69
12	689.04	$1,333.75	$962.59	$4.39	$2,300.73

(1) Allocation from CPNW Sch 4.1
(2) Private Fire includes allocated service maintenance costs as detailed below:

Service Line Maintenance Cost =	$912,166	(Total Metering O&M less Meter Dept)
Service Line Capital Costs =	$273,411	
Addtnl Allocation to Fire Service =	$343,168	(28.95%)

DETERMINATION OF SERVICE CHARGES

BILLING CHARGE

CUST. BILLING ALLOC.		$403,585	
----------	=	---------- =	$4.39 PER BILLING
NUMBER OF BILLINGS		91,869	

METER CHARGE

CUST. METER ALLOC. (1)		$1,498,958	
----------	=	---------- =	$57.09 / EQ. METER/YR
NO. EQUIV. METERS		26,254	

TOTAL SERVICE CHARGES

	QUARTERLY ACCOUNTS			MONTHLY ACCOUNTS		
METER SIZE (IN)	METER CHARGE	BILLING CHARGE	TOTAL CHARGE	METER CHARGE	BILLING CHARGE	TOTAL CHARGE
5/8	$14.27	$4.39	$18.67	$4.76	$4.39	$9.15
3/4	$19.78	$4.39	$24.17	$6.59	$4.39	$10.99
1	$28.55	$4.39	$32.94	$9.52	$4.39	$13.91
1 1/2	$58.11	$4.39	$62.51	$19.37	$4.39	$23.76
2	$75.44	$4.39	$79.84	$25.15	$4.39	$29.54
3	$85.64	$4.39	$90.03	$28.55	$4.39	$32.94
4	$199.83	$4.39	$204.22	$66.61	$4.39	$71.00
6	$299.74	$4.39	$304.13	$99.91	$4.39	$104.31
8	$428.20	$4.39	$432.59	$142.73	$4.39	$147.13

(1) Less allocation of Service Maintenance Costs to Private Fire Service - see CPNW Sch. 4.2

ALLOCATION OF GENERAL WATER EXPENSES
TO CUSTOMER CLASSES

Class Demands

CUSTOMER	AVERAGE DEMANDS		MAX DAY EXTRA CAPACITY			
CLASS	(CCF/DAY)	PERCENT	FACTOR	(CCF/DAY)	XTRA CCF/DAY	PERCENT
Retail						
Small (5/8 - 1")	8,482	60.86%	2.50	21,204	12,723	68.56%
Medium (1.5 - 2" & By pa	2,091	15.01%	2.00	4,183	2,091	11.27%
Large (3" and up)	1,862	13.36%	1.80	3,352	1,490	8.03%
Wholesale						
Cumberland	1,502	10.78%	2.50	3,755	2,253	12.14%
Seekonk	0	0.00%	2.50	0	0	0.00%
Total	13,937	100.00%		32,494	18,557	100.00%

CUSTOMER	AVERAGE DEMANDS		PEAK HOUR EXTRA CAPACITY			
CLASS	(CCF/DAY)	PERCENT	FACTOR	(CCF/DAY)	XTRA CCF/DAY	PERCENT
Retail						
Small (5/8 - 1")	8,482	60.86%	3.50	29,686	8,482	63.40%
Medium (1.5 - 2" & By pa	2,091	15.01%	3.00	6,274	2,091	15.63%
Large (3" and up)	1,862	13.36%	2.50	4,656	1,304	9.74%
Wholesale						
Cumberland	1,502	10.78%	3.50	5,256	1,502	11.23%
Seekonk	0	0.00%	3.50	0	0	0.00%
Total	13,937	100.00%		45,872	13,379	100.00%

Allocation of Retail Metered Sales Costs to Classes (see Sch 3.3)

CUSTOMER	BASE COSTS		MAX. DAY XTRA CAPACITY		PEAK HR. XTRA CAPACITY		TOTAL
CLASS	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	AMOUNT
Retail							
Small (5/8 - 1")	68.21%	$7,186,576	78.03%	$1,990,336	71.41%	$978,819	$10,155,731
Medium (1.5 - 2" & By pa	16.82%	$1,772,087	12.83%	$327,189	17.61%	$241,360	$2,340,635
Large (3" and up)	14.98%	$1,577,862	9.14%	$233,062	10.98%	$150,434	$1,961,359
Total	100.00%	$10,536,526	100.00%	$2,550,587	100.00%	$1,370,613	$14,457,726
		72.9%		17.6%		9.5%	

METERED WATER RATES

Small (5/8 - 1")

Total Expense (2)	$10,155,731		
Metered Sales (HCF) (1)	3,095,831	=	$3.280 per ccf

Medium (1.5 - 2" & By pass)

Total Expense (2)	$2,340,635		
Metered Sales (HCF) (1)	763,379	=	$3.066 per ccf

Large (3" and up)

Total Expense (2)	$1,961,359		
Metered Sales (HCF) (1)	679,711	=	$2.886 per ccf

Wholesale

Total Expense (3)	$1,392,752		
Metered Sales (HCF) (1)	548,162	=	$2.541 per ccf

(1) See CPNW Sch 2.0
(2) See CPNW Sch 6.0
(3) See CPNW Sch. 3.3

COMPARISON OF CURRENT & COST OF SERVICE RATES

		Current (4/1/05)	Cost of Service	% Change
Metered Rates				
Small (5/8 - 1")		$2.571	$3.280	27.6%
Medium (1.5 - 2" & By pass)		$2.395	$3.066	28.0%
Large (3" and up)		$2.265	$2.886	27.4%
Extra Large		$2.120	$2.886	36.1%
Wholesale		$2.132	$2.541	19.2%
Service Charges				
Quarterly	5/8	$21.16	$18.67	-11.8%
	3/4	$26.49	$24.17	-8.8%
	1	$36.73	$32.94	-10.3%
	1 1/2	$73.71	$62.51	-15.2%
	2	$117.78	$79.84	-32.2%
	3	$235.67	$90.03	-61.8%
	4	$368.37	$204.22	-44.6%
	6	$736.63	$304.13	-58.7%
	8	$1,694.23	$432.59	-74.5%
Monthly	5/8	$11.99	$9.15	-23.7%
	3/4	$13.76	$10.99	-20.1%
	1	$16.57	$13.91	-16.1%
	1 1/2	$26.09	$23.76	-8.9%
	2	$39.26	$29.54	-24.8%
	3	$78.56	$32.94	-58.1%
	4	$122.79	$71.00	-42.2%
	6	$245.54	$104.31	-57.5%
	8	$564.74	$147.13	-73.9%
Fire Service (annual)				
Public	/hydrant/yr	$527.50	$682.97	29.5%
Private				
	2	$189.95	$185.97	-2.1%
	4	$449.20	$527.77	17.5%
	6	$734.00	$893.66	21.8%
	8	$1,641.76	$1,426.13	-13.1%
	10	$2,712.50	$1,792.69	-33.9%
	12	$4,354.30	$2,300.73	-47.2%

IMPACT OF COST OF SERVICE RATES

(quarterly bills unless otherwise noted)

METER SIZE	QUARTERLY USE - CU FT	CURRENT RATES	<--------- COST OF SERVICE ---------> NEW BILL	$ INCREASE	% INCREASE
Metered Service (Quarterly Bills)					
Small					
5/8	2,000	$72.58	$84.27	$11.69	16.11%
5/8	**2,500**	**$85.44**	**$100.67**	**$15.24**	**17.83%**
5/8	4,000	$124.00	$149.87	$25.87	20.86%
5/8	5,000	$149.71	$182.67	$32.96	22.02%
5/8	7,500	$213.99	$264.67	$50.69	23.69%
5/8	10,000	$278.26	$346.67	$68.41	24.58%
5/8	15,000	$406.81	$510.67	$103.86	25.53%
5/8	20,000	$535.36	$674.67	$139.31	26.02%
5/8	25,000	$663.91	$838.67	$174.76	26.32%
1	30,000	$808.03	$1,016.94	$208.91	25.85%
1	40,000	$1,065.13	$1,344.94	$279.81	26.27%
1	75,000	$1,964.98	$2,492.94	$527.96	26.87%
Medium					
1 1/2	100,000	$2,468.71	$3,128.51	$659.80	26.73%
1 1/2	200,000	$4,863.71	$6,194.51	$1,330.80	27.36%
2	300,000	$7,302.78	$9,277.84	$1,975.06	27.05%
2	400,000	$9,697.78	$12,343.84	$2,646.06	27.29%
Large					
3	250,000	$5,898.17	$7,305.03	$1,406.86	23.85%
3	500,000	$11,560.67	$14,520.03	$2,959.36	25.60%
4	750,000	$17,355.87	$21,849.22	$4,493.35	25.89%
6	1,000,000	$21,936.63	$29,164.13	$7,227.50	32.95%
6	3,000,000	$64,336.63	$86,884.13	$22,547.50	35.05%
Fire Service (Annual Bill)					
Municipal Fire Service	200 hydrants	$105,500.00	$136,594.00	$31,094.00	29.47%
	1400 hydrants	$738,500.00	$956,158.00	$217,658.00	29.47%
Private Fire Service	4 Inch Service	$449.20	$527.77	$78.57	17.49%
	6 Inch Service	$734.00	$893.66	$159.66	21.75%
	8 Inch Service	$1,641.76	$1,426.13	-$215.63	-13.13%

REVENUE RECONCILIATION

Service Charge:		<------- Current ------->		<---- Cost of Service -------->	
Quarterly	Number	Rate	Revenue	Rate	Revenue
5/8	21,243	$21.16	$1,798,008	$18.67	$1,586,427
3/4	239	$26.49	$25,324	$24.17	$23,107
1	474	$36.73	$69,640	$32.94	$62,454
1 1/2	230	$73.71	$67,813	$62.51	$57,509
2	374	$117.78	$176,199	$79.84	$119,441
3	24	$235.67	$22,624	$90.03	$8,643
4	10	$368.37	$14,735	$204.22	$8,169
6	4	$736.63	$11,786	$304.13	$4,866
8	0	$1,694.23	$0	$432.59	$0
Monthly					
5/8	8	$11.99	$1,151	$9.15	$878
3/4	4	$13.76	$660	$10.99	$528
1	11	$16.57	$2,187	$13.91	$1,836
1 1/2	6	$26.09	$1,878	$23.76	$1,711
2	28	$39.26	$13,191	$29.54	$9,925
3	16	$78.56	$15,084	$32.94	$6,324
4	6	$122.79	$8,841	$71.00	$5,112
6	3	$245.54	$8,839	$104.31	$3,755
8	0	$564.74	$0	$147.13	$0
Consumption Charge:					
Small (5/8 - 1")	3,095,831	$2.571	$7,959,382	$3.280	$10,154,326
Medium (1.5 - 2" & By p	763,379	$2.395	$1,828,293	$3.066	$2,340,520
Large (3" and up)	367,351	$2.265	$832,050	$2.886	$1,060,175
Extra Large	312,360	$2.120	$662,203	$2.886	$901,471
Wholesale	548,162	$2.132	$1,168,681	$2.541	$1,392,880

REVENUE RECONCILIATION

		<------- Current ------->		<---- Cost of Service -------->	
Fire Protection:					
Public Hydrants	1,912	$527.50	$1,008,580	$682.97	$1,305,839
Private Fire Protection					
2	18	$189.95	$3,419	$185.97	$3,347
4	29	$449.20	$13,027	$527.77	$15,305
6	354	$734.00	$259,836	$893.66	$316,356
8	88	$1,641.76	$144,475	$1,426.13	$125,499
10	4	$2,712.50	$10,850	$1,792.69	$7,171
12	0	$4,354.30	$0	$2,300.73	$0
			==========		==========
Total			$16,128,757		$19,523,574
Plus: Misc Revenues			$303,226		$303,226
			==========		==========
Pro Forma Revenue			$16,431,983		$19,826,800
Required Revenue			$19,827,606		$19,827,606
Difference			-$3,395,623		-$806
Increase in Revenues					$3,394,817
Percent Increase in Total Revenues					20.7%
Percent Increase in Rate Revenues (non-misc)					21.0%

SUMMARY OF COST OF SERVICE

	Test Year	Adjustments	Rate Year
Revenues			
Service Charges	$2,237,962	-$337,276	$1,900,685
Metered Rates	$12,450,609	$3,398,762	$15,849,371
Fire Protection	$1,440,187	$333,330	$1,773,517
Miscellaneous	$124,687	$178,538	$303,226
Total Revenue	$16,253,444	$3,573,355	$19,826,800
Expenses			
O&M			
Admin	$2,142,323	$423,047	$2,565,371
Customer Serv	$209,538	$25,846	$235,384
Supply	$974,437	$159,601	$1,134,038
Pumping	$507,985	$81,701	$589,685
Purification	$1,369,497	$453,056	$1,822,553
Trans & Distrib	$1,131,056	$846,738	$1,977,793
Engin	$426,310	$108,873	$535,183
Meter Dept	$433,929	$82,320	$516,249
Total O&M	$7,195,075	$2,181,181	$9,376,256
Capital			
Debt Service/Leases	$2,431,735	$3,455,242	$5,886,977
Capitalized Costs	$0	$0	$0
IFR	$2,671,039	$428,961	$3,100,000
Reserves	$666,997	-$535,796	$131,201
Rate Stabilization	$0	$0	$0
Cent Falls Settlement	$0	$0	$0
Other Capital	$778,000	-$389,000	$389,000
Total Capital	$6,547,771	$2,959,407	$9,507,178
Operating Revenue	$0	$944,172	$944,172
Total Expenses	$13,742,847	$6,084,759	$19,827,606

CUMBERLAND TAX SURCHARGE/PROPOSED METERED RATES

Calculation of Surcharge

FY 2004 Tangible Tax	$487,068
Estimated RY Tax	$530,812
Sales to Cumberland (hcf)	
Retail	367,982
Wholesale	548,162
Total	916,144
Surcharge ($/ccf)	$0.579
Annual Revenue	$530,447
Non-Cumberland Sales (hcf)	4,170,939
Rate Reduction to Others	-$0.127

Comparison of Current & Proposed Rates with Surcharge

	Current	Proposed w/o Surcharge	Proposed w/ Surcharge
Metered Rates (no change to others)			
Non-Cumberland			
Small (5/8 - 1")	$2.571	$3.280	$3.153
Medium (1.5 - 2" & By pass)	$2.395	$3.066	$2.939
Large (3 - 4')	$2.265	$2.886	$2.759
Very Large (6" and up)	$2.120	$2.886	$2.759
Wholesale	$2.132	$2.541	$2.414
Cumberland			
Small (5/8 - 1")	$2.571	$3.280	$3.859
Medium (1.5 - 2" & By pass)	$2.395	$3.066	$3.645
Large (3 - 4')	$2.265	$2.886	$3.465
Very Large (6" and up)	$2.120	$2.886	$3.465
Wholesale	$2.132	$2.541	$3.120

CUMBERLAND TAX SURCHARGE/PROPOSED METERED RATES

Impact of Proposed Surcharges on Quarterly Bills

METER SIZE	QUARTERLY USE - CU FT	CURRENT RATES	<------ PROPOSED---------> W/O SURCHARGE	W/ SURCHARGE
Metered Service (Quarterly Bills)				
Small				
5/8 Non-Cumberland	2,000	$72.58	$84.27	$81.73
5/8 Cumberland		$72.58	$84.27	$95.85
5/8 Non-Cumberland	2,500	$85.44	$100.67	$97.50
5/8 Cumberland		$85.44	$100.67	$115.15
5/8 Non-Cumberland	4,000	$124.00	$149.87	$144.79
5/8 Cumberland		$124.00	$149.87	$173.03
5/8 Non-Cumberland	5,000	$149.71	$182.67	$176.32
5/8 Cumberland		$149.71	$182.67	$211.62
5/8 Non-Cumberland	7,500	$213.99	$264.67	$255.15
5/8 Cumberland		$213.99	$264.67	$308.10
5/8 Non-Cumberland	10,000	$278.26	$346.67	$333.97
5/8 Cumberland		$278.26	$346.67	$404.57
5/8 Non-Cumberland	15,000	$406.81	$510.67	$491.62
5/8 Cumberland		$406.81	$510.67	$597.52